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NEWS SUMMARY

GENERAL

Dr. K. plans Africa shuttle

r. Henry Kissinger is preparing to engage in intensive shuttle diplomacy in an attempt to resolve some of the problems of southern Africa.

The U.S. Secretary of State's efforts are expected to be concentrated on Dar-es-Salaam, Lusaka and Pretoria, respectively the capitals of Tanzania, Zambia and South Africa.

Tanzania is ready for Dr. Kissinger to begin talks at once, but last night the reaction to his intended shuttle was still awaited from the leaders of Zambia, Mozambique and Angola following the conclusion of their Dar-es-Salaam summit.

In Cape Town yesterday riot police used shotguns, teargas and batons to clear demonstrators from the city's White central business area. At least four people were killed.

Vorster home

The violence coincided with the return of Mr. John Vorster, Prime Minister, from his Zurich talks with Dr. Kissinger.

At Soweto, near Johannesburg, police shot one black dead after a police car had been stoned. For the first time rioting came to Stellenbosch, east of Cape Town. Back and Page 5. Feature, Page 14

Foxbat rebuff for Russia

Japan has rejected a Soviet request for the immediate return of the MIG-25 Foxbat fighter aircraft which landed in northern Japan on Monday. Permission was also refused for Soviet diplomats to interview the pilot. President Ford is ready to grant asylum to the pilot should he ask for it, the White House said. Page 5

IRA accused

Mr. Patrick Cooney, Irish Justice Minister, formally moving anti-terrorist Criminal Law Bill, accused the IRA of bringing heartbreak and suffering to Irish homes were it recruited volunteers. In Belfast, the Official Unionist Party, abandoning talks with the Social Democratic and Labour Party on power-sharing, blamed its walk-out on the British Government. Page 7

Concorde hope

Concorde's performance on the Washington route has encouraged the U.S. Federal Aviation Administration to believe that the aircraft will eventually be allowed to fly into all U.S. airports on a permanent basis, including Kennedy Airport, New York, journalists were told at the Farnborough Air Show yesterday. Page 8

Rabies fine

Air Canada was fined the maximum £400 under the rabies laws after admitting landing a cat at Heathrow airport without an import licence. At Lancaster, Dr. G. S. Turner of the Lister Institute told the British Association that, contrary to popular belief, man has a low susceptibility to rabies. British Association Report, Page 9

Lauda returns

After test-driving his Ferrari formula one car in Italy yesterday, Niki Lauda, Austrian world motor racing champion, said he intends to drive in the Italian Grand Prix on Sunday—just six weeks after he nearly died in a crash.

Briefly . . .

Mr. James Callaghan is to pay an official visit to Canada from September 10-18.

Lord Shawcross is in the King Edward VII Hospital for Officers recovering from an operation which took place on Monday.

After Britain agreed yesterday to consider Pakistan's request for the return of the priceless Koh-i-Noor diamond—it was presented to Queen Victoria by the East India Company—India announced a counter claim.

England's 16 players to tour India this winter were named yesterday. Page 2

BUSINESS

Bank checks pound's decline

● STERLING lost 15 points to $1.7715, but Bank of England intervention prevented a further fall. Selling, sparked by fears created by labour unrest, was not unduly heavy, though persistent. The pound's weighted depreciation widened to 39.7 (39.6) per cent. and the dollar's to 2.60 (2.46).

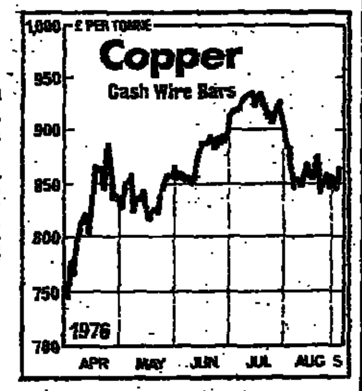
● GOLD lost $4½ to $110½.

● EQUITIES rallied though demand was limited. The FT 30-share index rose 5.6 to 357.6 while the All-Share was 1 per cent. up at 146.36.

● GILTS were dull. The Government Securities index was 0.01 lower at 61.82.

● WALL STREET closed 7.48 up at 996.59.

● COPPER prices increased strongly on the London Metal Exchange, with cash wirebars closing £18.5 up at £865.5 a tonne. Page 43



BankAmerica to raise $189m.

● BANK OF AMERICA is offering 7m. Ordinary shares to investors in Europe, the U.S. and Japan to raise about $189m. Page 40. Japanese Finance Ministry said the U.K. and France are welcome to raise funds in Tokyo's international capital market. Page 6. Portugal is making a cautious first venture into the Euromarket after the 1974-75 political upheavals. Page 40

● BANK LENDING was stagnant in the four weeks to mid-August, halting the upward trend since March. Back Page. Final figures for retail sales in July confirm the sharp recovery in spending, with the index up 2 per cent. Page 7

● LONRHO is making a £7.6m. rights issue underwritten by the company's chief executive, Mr. R. W. Rowland. Back Page and Lex

● FARM INCOMES will be cut by up to 40 per cent. in England and Wales this year because of the drought, said a National Farmers' Union official. Page 43

● NORTH EAST should be given parity with Scotland and Wales in the allocation of industrial development agency funds, said Mr. Edward Short. Page 7 and Editorial comment Page 14.

● FORD MOTOR and the United Auto Workers' Union are confident of a strike-free settlement when the current labour contract runs out next week. Page 4

● U.S. COMMERCE Department survey found no evidence to suggest any substantial increase in business capital investment by the end of the year. Page 4

COMPANIES

● POSEIDON shares were suspended on Australian exchanges at £1.55. Shares in the nickel company touched £124 in 1970. Page 39

● INCHCAPE is buying out its equity partners in insurance brokers Bain Dawes in a £18.4m. deal. Page 39 and News analysis Page 9

● OCEAN TRANSPORT and Trading first-half pre-tax profit rose to £15.29m. (£10.23m.). Directors estimate a total for the year of about £32m. (£22.58m.). Page 38 and Lex

● TURNER and Newall first-half, pre-tax profit almost doubled to £15.82m. (£8.86m.). Page 37

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Bank of Scotland	248	+ 9
Beecham	340	+ 5
Black (A. and C.)	46	+ 3
Brent Walker	51	+ 4
Hestair	75	+ 4
Inchcape	395	+ 15
Midland Bank	257	+ 7
P and O Dfd.	109	+ 5
Ocean Transport	134	+ 8
Ozalid	115	+ 6
Plessey	74	+ 3
RMC	80	+ 3
Reardon Smith "A"	77	+ 5
Smurfit (Jefferson)	106	+ 6
Thomson Org.	290	+ 10
Thorn Elec. "A"	212	+ 7
Turner and Newall	143	+ 4
UKO Intnl.	142	+ 9
BP	588	+ 5
Shell Transport	402	+ 4
Botswana RST	50	+ 5
Selection Trust	425	+ 25
FALLS		
President Brand	750	− 75
SA Land	57	− 7
Western Hldgs.	£11¼	− 1

Leyland rebels at Longbridge agree to resume work

BY PETER CARTWRIGHT AND IAN HARGREAVES

British Leyland's Longbridge plant should be in full production again by Monday following last night's decision by shop stewards to recommend an end to an unofficial strike by 1,200 toolroom maintenance men.

The men will meet later to-day and are expected to agree to allow their claim for a £15-£20 lay-off payment for time lost during another dispute last week to be handled through normal procedural channels.

The seven maintenance stewards, whose walk-out on Monday destroyed a concerted move by 700 Longbridge stewards to curb the tide of unofficial strikes at the plant, finally announced their submission at the end of a three-hour meeting with the district committee of the Amalgamated Union of Engineering Workers in Birmingham.

Earlier in the day htey had received a message from Mr. Hugh Scanlon and the AUEW national executive which had met in Brighton telling them that they were "in breach of procedure in a way which is prejudicial to the interests of the union and its members."

They were told to resume normal working and to ensure that all future grievances were processed constitutionally through the district committee and the national executive.

Assuming that to-day's mass meeting accepts the stewards' recommendation to end the strike, a phased return to work by Longbridge's 18,000 workers could begin on to-day's night-shift, but it will be Monday before all shifts can be expected to be working normally. By then the latest series of strikes will probably have cost Leyland about £8m. in retail sales.

The reopening of Longbridge will not, however, solve all of Leyland's problems. A strike by 235 electricians at the Castle Bromwich body plant has already affected Jaguar production and continues to threaten work on the new Rover 3500. Longbridge will quickly face shortages of Mini bodies if this dispute is not settled.

The electricians, who are disputing who should operate a new control console, meet again to-morrow and the company could be involved in some informal contacts with the electricians' union in Brighton to-day.

Leyland will, however, be profoundly relieved that the decision of the stewards at last night's AUEW meeting will enable them to claim the guarantee of good behaviour they have insisted this week is a condition of re-opening Longbridge.

The intiative by the joint shop stewards' committee to control unofficial strikes in the plant will now be able to proceed.

At last night's meeting the toolroom negotiating committee reluctantly obeyed an order from the union executive and the West Birmingham district committee to end their unofficial action and get the 1,200 toolroom men back to work.

Mr. Brian Chambers, district secretary, said he was now confident of a resumption of work at the factory.

"I think our members saw the logic of what the union are asking them to do. They have a legitimate grievance but legitimate grievances must be discussed through the machinery available in the plant."

The message, sent from Brighton where the Trades Union Congress is in session, had been timed to influence the maintenance men's shop stewards as they appeared at a meeting called at the AUEW's district office.

It said that the strikers were "in breach of procedure in a way which is prejudicial to the interests of the union and its members."

The Longbridge shutdown, which is costing about £1m. a day, mainly in lost retail sales of Allegro and Mini models, had also begun to cause lay-offs at Cowley and Bbingdon yesterday.

Over 2,500 workers involved in Marina production at Cowley and 500 frfom the MG sports car assembly plant at Abingdon were sent home.

More good news for Leyland yesterday was that after two days of talks about a strike by electricians at Lucas a peace formula is to be put to a full meeting of stewards to-day. About 3,500 men have been laid off at Lucas because of the 11-day-old strike, in support of increased sickness benefits.

Seamen meet to-day as TUC debates economy

BY ROY ROGERS IN BRIGHTON

THE KEY Trades Union Congress annual economic debate takes place to-day against a background of threatened industrial action by seamen over pay, the overtime ban by Department of Health and Social Security staff over expenditure cuts, and demonstrations by National Union of Public Employees members and by Trotskyists.

Harsh criticism of the Government over the unemployment figures and planned public expenditure cuts are certain to ring out at the Brighton Dome to-day, but TUC leaders remain confident that the social contract will emerge intact.

The main worry for the TUC and the Government is how seamen's leaders react to the slender 309-vote majority for industrial action recorded in a secret ballot. The National Union of Seamen's executive meets in London to-day to consider what action to call, and Mr. Jim Slater, the union's general secretary, warned that a national strike of all 38,000 seamen was still a possibility.

Last night 300 seamen based in Felixstowe began a 24-hour unofficial stoppage designed to influence to-day's executive meeting into taking a hard line over their demands for £6 a week increases from July.

Both the Government and the TUC have ruled that the claim is in breach of their pay pact and that under the policy's 12-month rule seamen must wait until January for their next rise, which must conform to the £2.40-£4.00 limit introduced in August.

Seamen's leaders will come under intense pressure from the Government and the TUC not to press ahead with action that could seriously damage the economy and the future of the Labour Government.

Demands for improved pensions and earlier retirement were given overwhelming support at the Congress yesterday.

To-day's major issues, the economy and industrial democracy, should provide the liveliest debates in what has so far proved a very quiet Congress.

Unemployment and expenditure cuts are the most emotive issues and are certain to lead to clear warnings to the Government that the TUC will not tolerate the present high jobless figures for long, or any more expenditure cuts.

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TUC training scheme Page 13

TUC leaders will ensure that they are merely warnings and underline the need to support the social contract and retain a Labour Government in office. They will also urge firm backing for a motion setting out priorities for a "planned" return to free collective bargaining beginning next year. These include provision for establishing satisfactory pay differentials, helping the lower paid, introducing "sound" productivity schemes, and phased consolidation of pay supplements into basic rates.

Behind-the-scenes pressure has resulted in the withdrawal of all motions deeply critical of the pay policy, except for a brief, hard-hitting one from the Furniture Timber and Allied Trades Union, which declares opposition to continued pay restraint in any form. This is expected to attract only minimal support.

The only issue likely to force a real vote is industrial democracy where three of the largest TUC unions—the Amalgamated Union of Engineering Workers, the General and Municipal Workers' Union and the Electrical and Plumbing Trades Union—are set to challenge the TUC's declared aim of pressing for 50-50 worker directors throughout all sectors of industry. However, they appear to have little chance of success.

Militant youths from the Trotskyist Right to Work campaign who disrupted a meeting on Sunday, involving Mr. Albert Booth, the Employment Secretary, yesterday forced delegates to run the gauntlet in order to enter or leave the hall.

Fraser to resign as managing director of Scottish & Universal

BY QUENTIN GUIRDHAM, PROPERTY CORRESPONDENT

SIR HUGH FRASER plans to resign as managing director of Scottish and Universal Investments and yesterday promised shareholders a "radical re-assessment" of the company's management structure.

He admitted to the "gravest concern" over the need to write-off the whole of a £4.36m. property loan and the fact that this loan had been wrongly classified in previous annual accounts as a bank deposit.

The decision to make the loan, to a company in which some of Sir Hugh's other interests—the House of Fraser and Noble Grossart—were involved, was his own responsibility, he said.

"It is clear with hindsight that this was a bad investment, though I hope it may eventually prove not to be as bad as prudence now compels us to regard it."

He had wanted to relinquish the managing director's job for some time. He felt it should be separated from his duties as chairman.

In a letter to shareholders, Sir Hugh also refers to suggestions that he had sold shares in Scottish and Universal Investments when he was aware of a likely fall in the share price because of the property loan.

Since March, 1975, when he held 4.52m. shares, his dealings had resulted in a net reduction in his personal holding of 1.55m. shares. "All such sales were made to meet financial commitments which arose at the times of the sales.

"They were all instructed with no thought that there would be any particular advantage to me in selling or that there was anything which would make sales by me at these times in any way improper."

The accounts to March 1976 also show Sir Hugh having a non-beneficial holding of 7.15m. shares, an increase of 110,000 on the previous year. The share price on April 1, 1975, was 95p.

Continued on Back Page

Record fall in sterling balances

By Peter Riddell, Economics Correspondent

OVERSEAS HOLDINGS of sterling balances were cut by £905m. between the beginning of April and the end of June, with oil-exporting countries reducing their holdings by a quarter.

This is shown by figures for the U.K. balance of payments in the second quarter, published by the Central Statistical Office yesterday, which confirm that $1.03bn. (£581m.) was drawn on the $5.3bn. standby-credit during June. The facility was formally extended yesterday for a further three months.

The figures highlight the impact on the reserves of the sterling crisis during the quarter, with a total deficit of £1.9bn. on both current and capital account requiring official financing. This is more than in the whole of either 1974 or 1975.

Selling

The reduction in official sterling balances was the largest for any quarter. The holdings of the oil-exporting countries fell by £660m. to just under £2bn. compared with a peak of nearly £3.5bn. in March 1975.

This confirms reports at the time of heavy selling (as well as switching of oil payments from sterling to dollars) in which Nigeria is believed to have featured prominently.

In addition, there was a sharp fall in the rate of foreign investment in the U.K. private sector, mainly by foreign oil companies, with a drop in oil and miscellaneous investment from £479m. to £126m. between the first and second quarters.

Delay

This is not regarded officially as implying a fundamental change in attitudes to Britain, but is partly the result of a delay in working capital payments provided by overseas parents to U.K. subsidiaries at a time when sterling was falling sharply.

Changes in the timing of export and import payments, known as "leads and lags," are reflected in a net outflow of trade credit and short-term flows of £313m., but the pressure on this score had already developed by the end of March with a net outflow of £556m. in the first quarter.

Continued on Back Page

£ in New York

—	Sept. 7	Previous
Spot	$1.7710-7715	$1.7724-7732
1 month	1.43-1.44 dis	1.25-1.25 dis
3 months	3.95-3.82 dis	3.65-3.61 dis
12 months	13.16-13.05 dis	12.50-12.47 dis

Labour plan for banking takeover

BY RICHARD EVANS AND MICHAEL BLANDEN

THE NATIONALISATION of the Big Four clearing banks, an unnamed merchant bank and the seven top insurance companies in the U.K. is recommended in a controversial policy document published by the Labour Party's National Executive Committee yesterday.

The document, which also recommends reform of the Bank of England and the creation of a publicly controlled investment reserve fund, will go before the party's annual conference at Blackpool at the end of the month.

If it receives the necessary two-thirds majority in a conference vote—as is probable—it will become official party policy. But it will not necessarily be included in Labour's next election manifesto.

This key decision will be taken shortly before the next election campaign by a joint committee of the NEC and the Cabinet. While the Left-wing dominated executive will press hard for the recommendations to be put forward as an election pledge, many Cabinet Ministers are likely to argue for a much less specific commitment because of the potential damage to the Government's relations with the City and private industry.

Reaction

The proposals brought a vigorous reaction from the banks and the insurance industry, with Mr. Alex Dibbs, chief executive of National Westminster Bank, arguing that they were "essentially doctrinaire."

The proposals were designed "to permit Governments actively to direct the savings of the community into channels which might be either non-viable commercially or desirable in some political context."

Mr. Bill Harris, chairman of the British Insurance Association, said policyholders and employees of British insurance companies would be "appalled."

In a similarly hard-hitting comment, Banking Information Service, which reflects the joint views of the clearing banks, said the proposals, "with their poor and inadequate research, are basically no more than an attempt to get control over other people's money."

The timing of the document, which was drawn up by the NEC's Home Policy Committee under Mr. Anthony Wedgwood Benn, Energy Secretary, will be an embarrassment to the Prime Minister and Mr. Denis Healey, Chancellor of the Exchequer, as they struggle to persuade industry and financial institutions to invest more.

The document says the proposals are justified because of the record of banks and insurance companies in investing much more in land and property speculation than in the re-equipment of industry.

Mr. Benn described the proposals yesterday as "a long term solution to unemployment and to low growth in this country." In his view, unless more savings went into productive investment and the re-equipping of industry Britain would become a lame duck country.

It is estimated that the current market capitalisation of the clearing banks and insurance companies under threat is £3.6bn. But the authors of the document stress that the proposals are medium term and there would be no need to take a 100 per cent. equity holding in all the institutions.

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Lex back page

The proposals came in for savage criticism from Sir Geoffrey Howe, Shadow Chancellor of the Exchequer, who called them "a blueprint for the bankruptcy of Britain." The Labour Party was now threatening to destroy almost all that was left of Britain's finance and industry with the same blight that had crippled so much of our public sector.

The Big Four banks which would be taken over would be Barclays, Lloyds, the Midland and the National Westminster. But Mr. Benn stressed that more research was needed before a leading merchant bank was chosen for State take-over. The clearing banks would continue to trade under their own names.

The Big Seven insurance companies to be nationalised, which would establish public control over more than half the total premium income, are Commercial Union, Royal, Prudential, Guardian Royal Exchange, General Accident, Sun Alliance and London and Legal and General.

Criticising the Bank of England, the document says that "the bank's unofficial role as representative to Government of city interests persists to this day, and continues to generate public suspicion of undue political influence."

The reformed bank would be responsible for the publicly owned sections of banking and insurance, and for planning the provision of finance to industry.

It is also intended to establish, after further research, an investment reserve fund into which companies would be "encouraged" to plough a proportion of their funds. Releases would be supervised by the Bank of England and would have to be devoted to productive investment.

For latest Share Index 'phone 01-246 8026

LOMBARD

Planners plan a wasteland

BY ANTHONY HARRIS

NEWS yesterday of yet another unpublished policy document, this time a draft from the planners, so-called, of the Department of the Environment, with some malign assistance from the Welsh Office, has had me grinding my teeth for the best part of a day. If and when it emerges, it is clearly going to be the kind of document which should be kept away from those with high blood pressure—but I am being tempted into hyperbole. The really horrifying thing about this document is that it will seem to an awful lot of people like plain common sense.

The core of the report is a call for higher building densities in the suburbs and villages. Two basic reasons are given for this: a judgment that the "real" cost of public and private transport is likely to rise, no reasons given; and a desire to "save valuable agricultural land." It also calls for cheaper and nastier houses for those who can no longer afford at present prices to enter the housing market at all — to "become first-time buyers," as the phrase is.

A nonsense

It looks, as I say, like quite a sensible approach; yet if you once examine the assumptions that are made, it is a veritable museum of planners' nonsense. There *is* nonsense about the housing market and about transport, and there is the basic, arrogant assumption that people cannot be trusted to judge for themselves the circumstances in which they prefer to live.

The very phrase "saving valuable agricultural land" gives much of the game away before a move is made. Planners—and many other (mainly urban) Englishmen — seem to believe that agricultural land has some special form of "value" unknown to the economic process. Possibly because of an atavistic fear of depending on imported food—a fate we cannot escape —it is considered "wasteful" to allow people to live on land which could possibly be farmed. The sentimentalists who wave banners reading "Homes before roads," thus trying to ensure that the real cost of transport will rise, might well alter the wording to "People before pigs." They could even point out to autarkists that many people grow food in their own gardens.

There might be some sense in a farm conservation policy if we had a relentlessly growing population, threatening to eat up all the farmland: but we have not. A very small percentage is all that is at stake. In these circumstances it is anti-social to forbid people to live in the kind of surroundings they will find satisfying; just as it is lunatic, for example, to subsidise the over-worked and poverty stricken men who scratch an agricultural living out of hillsides which could offer splendid recreation. To go on to complain of the high cost of housing, when this is quite largely the result of planning restrictions which force up the price of land is almost fraudulent.

The economics

The trouble is, of course, that urban planners seldom seem to understand that the problems they are handling are basically economic; so they do not see any need to master the basic economics of land use and development. They cannot understand that the "problems" they are struggling to solve have largely been created by a century of mistaken measures in housing finance, which has now reached its logical end in growing homelessness amid a growing housing surplus.

Even on their own subject their judgment is equally doubtful; many planners seem to think in terms of maps rather than of people. One of the incidental merits claimed for the new density policy is that it will protect the green belts. Even now, it seems, planners have not learned that these belts of quite largely inaccessible countryside have done little to make life pleasanter for the city-dwellers within them.

Green belts have greatly lengthened journeys to work for those who live beyond them, it is true: and also lengthened the journey necessary to reach any genuine open country from a city. By contrast the "green fingers" which have survived by accident in marshy cities like Oxford, or along the backs of strips of the much-despised "ribbon development," actually do afford city dwellers access both to the country and to transport; but they look untidy on coloured zoning maps.

Criticising planners is a sport which soon palls; their arrogance and incompetence is so widely recognised and hated that attacking them is like shooting sitting birds. What puzzles me, as I travel to work through the new vertical and linear slums they have created, is why their disgrace has not rubbed off on the word "planning" itself. Perhaps it is because the would-be planners of our economy share two basic qualifications with the salaried planners of our cities: they don't understand economics, and they don't think people should have what they want.

RACING BY DOMINIC WIGAN

J. O. Tobin suited for Perrier

J. O. TOBIN, who has won both his races in the style of a high-class two-year-old, faces a stiff task in the Laurent Perrier Champagne Stakes (3.00) at Doncaster this afternoon.

I am hopeful that he can come through to-day's test with flying colours. An imposing brown colt by Mill Reef's sire, Never Bend, out of an excellent race mare Hill Shade, J. O. Tobin was successful recently in the Group 2 Richmond Stakes at Goodwood's July meeting.

In that £14,000 event, the Warren Place colt quickened impressively when given the office by Lester Piggott approaching the final furlong and, in a matter of strides, drew ahead of the hard-ridden Prior's Walk and Tachypous.

J. O. Tobin will be ideally suited in to-day's seven-furlong trip, which it tackles for the first time and is likely to find the filly Durtal the toughest opponent.

A highly creditable runner-up to Icena in the Lowther Stakes at York recently, Durtal will also appreciate the stiff seven furlongs.

Barry Hills, who trains Durtal, could have better luck with his good-looking Derring-do colt, *Darley Dale*, among the runners for the Autumn Cup.

Darley Dale, a 1½-lengths winner from Malin Court at Haydock in April, has since put up several useful performances under stiff weights. With only 7 st 13 lb in the saddle here, Darley Dale could return to winning form at attractive odds, possibly at the expense of Clive Brittain's consistent charge, Silver Steel.

Gianfranco Dettori, who rode Wollow to victory in the Champagne Stakes last year, reutrns to Town Moor to partner Luca Cumani's ex-Italian sprinter, *Madang*, in the Sir Gatric Stakes (4 30). The best has not been seen in England of this handsome Habitat colt, a winner four times in Rome early this season. I am hopeful that he has now acclimatised sufficently to come good here. Last year's winner, that gallant mare Polly Peachum, may chase Madang home.

Captain Ryan Price, whose fine colt Marquis de Sade is now a doubtful for the St. Leger, looks set to land the opening and closing events with *Dutch Treat* and *Gale Bridge*.

DONCASTER

2.00—Dutch Treat**
2.30—Empress Regent
3.00—J. O. Tobin
3.30—Darley Dale
4.00—Gradiva
4.30—Madang***
5.00—Gale Bridge*

SALISBURY

2.15—Wooddltton
2.45—Minervina
3.15—Magnetic
3.45—Pearldor

CRICKET BY TREVOR BAILEY

Sixteen for Indian tour

AFTER THE disappointments of this summer against the West Indies—the Manchester massacre, the humiliation at the Oval and a complete rout in the three one-day internationals—picking the party for India was bound to present problems.

There is an acute shortage of English players of genuine test match calibre. I had hoped that our selectors, who adopted a policy, if that is the right word, of "make do and mend" for most of the recent series would now, show some boldness and imagination. But this is not over-apparent in the 16 they have chosen for the coming winter.

The touring party, led by Tony Greig, divides itself up naturally into four groups, seven front-line batsmen, four seamers, three spinners and two wicket-keepers, with Greig from the first section, Old from the second, Miller from the third and both 'keepers falling into the all-rounder category.

The seven batsmen include three recognised openers: Amiss, who has plenty of runs in all types of cricket behind him; Woolmer, who has looked impressive without producing big scores at the highest level; and Brearley, who was a shade unfortunate to be dropped after two West Indian Tests, though he might be thought rather fortunate to have missed Old Trafford, where batting was anything but fun.

Mike Brearley has led Middlesex to the championship with distinction and one gains the impression that he may have gained his place more as a possible successor to Greig—if he should have a bad tour—than for his workmanlike qualities as a good county batsman with plenty of determination. He has been given the job of vice-captain which means little on tour. Otherwise, the task could just as easily be undertaken by Fletcher.

The two uncapped players are Barlow, who has blossomed to such an extent this summer that he deserved an earlier chance and Randall, a brilliant fielder but unpredictable stroke player, who has won his place largely on his batting in the Prudential Cup.

THE PARTY

Greig (Capt.)	Miller (G.)
Brearley	Old
Amiss	Randall
Barlow	Selvey
Cope	Tolchard
Fletcher	Underwood
Knott	Willis
Lever (J.)	Woolmer

The recall of Fletcher, a fine player of spin is a surprise, even though he is more likely to make a century on a turning wicket than anyone in the party. I would have preferred to have gambled on Willey or another youngster who should improve rather than include Brearley and Fletcher, both over 30.

Of the four pace bowlers, all in their late 20s. Willis is as quick as anyone at present. Old is a must, J. Lever has the advantage of being left-handed and Selvey probably swings the ball more than anybody except Arnold.

Underwood was an automatic selection and though it is easy to understand taking either Miller or Cope it is difficult to see the reasoning behind having two off-spinners especially when Greig will also be using himself in this role. In the circumstances, the left-handed Edmonds would appear to have been a more logical choice and provided greater contrast.

Knott was another certainty and Tolchard has plainly been chosen more for his prowess with the bat than for his work behind the stumps.

The strongest feature about the party looks to be the fielding which could prove vital in what is bound to be a very hard tour.

GARDENS TO-DAY BY ROBIN LANE FOX

A wide choice of trees to replace the elm

THE DRY weather may have directed your notice from a continuing disaster which (I must be fair) dates back before the Labour Government but which has done more to alter the face of the country than all the footnotes to the social contract. I refer to Dutch elm disease, of course, which has run wild again in the combination of mild winter and warm summer. The pine forests of America are now being troubled by a pine-beetle which is equally uncontrollable. There is no record yet of a beech beetle, but I am already beginning to understand the motives of a group of house-owners on the top of my village's commanding hill. Rejecting the enticements of a 10-mile view over farmland and a garden on light loam, they are buying high-priced houses in a large and engulfing pit. The roofs project barely 5 feet above the pit's top edge; there might just be a chance of catching a glimpse of the landscape if you found yourself up on the patio-roof before 3 pm, but otherwise you would be completely private, except to your fellow pit-men. There are concrete surrounds to every property, they tell me, which sugeests that they have sent for a garden designer; I daresay if one crept up to the pit's edge and surprised them there would be a carnival, picketing and all sorts of unsocial behaviour.

Local average

Now, the longer these pit-homes have stood there, the worse the view has become for the rest of us. Almost every hedgerow tree in the 10-mile view is a diseased elm: almost every hedgerow has been attacked or burnt by farmers who believe that corn is profitable on a land so wet that its indigenous inhabitants were long believed to have webbed feet. "We burn the fields and scatter the poison on the land . . ." naturally, there is strong support in the cities for the six-lane motorway which will bring you along the doorstep of a line of historic buildings and cut the celebrated wild-life in half as soon as the balance of payments rights itself. No wonder a place in the pit is bought at a price way above the local average. This last summer's run of elm disease means that I will never be able to explain in my lifetime why someone once jumped the fence in the view beyond and "saw all nature was a garden." You would think it more like a runway.

Nobody has found any helpful advise against elm-disease as yet. It is possible to inject a tree every year and protect it more surely, but not certainly, against attack. You cannot cure a diseased tree, but if anybody has a specimen elm on which their view depends, they might consider this annual treatment which, when I last came across it, cost around £80 a tree. Otherwise, you can only cut down, burn and replant.

The replanter is usually impatient. He will be attracted by the willow and the poplar, among which I think the grey-leaved willow (*Salix Alba*) and the scented young leaves of the Balsam Poplar are the most attractive varieties. For a very quick growth which is light, rather than screening, he should consider the Sugar Maple, *Acer Saccharinum*. If he is buying these quick growers, Birches, Willows or Poplars, he is wasting his money if he buys extra tall specimens. But if he chooses something slower, he may like to pay around £15 for an extra-heavy mature standard, by British nursery specifications. insistent adjectives will have told him already that these are not big forest trees, but ageing nursery stock whose stems are thickening out to the point where you would wonder what to call them until they became trunks. About 12 feet high, at the least, they have been prepared at the roots for moving if you buy from a *reliable source*. Exbury nurseries in Hampshire and Pixton Woodlands in Dulverton, Devon, are two southern sources which I can recommend. But these larger trees must be watered heavily in the year after planting. If the long-range forecasts are still predicting serious drought in 1977 later in this year, next spring could well be a good moment to buy a few heavy trees. I am enjoying the rapid progress of three half-hardy climbers bought when those Professors of Meteorology were predicting the new Ice Age.

Otherwise, if you are solid and patient, patriotic and one of the silent majority who they call "sheep" at Longbridge, you really should think about planting an oak. I have had such impassioned pleas from readers who see those great trees going out of fashion that a word for them perhaps may incline you to give them space.

I would never agree that an oak is slow-growing. It is not so quick off the mark as a birch or a sycamore, but if you can look 10 to 15 years ahead you can expect a 20-foot tree. Unlike some tall growers, it looks exciting from an early age. Those marvellous leaves, their co[...] when young, their crop[...] polished acorns: they ma[...] young sycamore seem a dull[...] dense blot. Ah, you reply, our garden lies on chalk so[...] oaks are out: look at the h[...] rows; not an oak to be seen[...] which I retort that like so [...] gardeners and park-planters [...] are overlooking the Turkey [...]

Quercus Cerris grows in [...] East Mediterranean, wisely [...] has oblong leaves. I w[...] expect it to reach 20 fe[...] ten years, and a screen [...] I encouraged on a reader [...] the early days of this colum[...] already making me feel anti[...] 14 feet high in seven year[...] resists the wind, grows in e[...] and is my first choice.

Damp site

For elegance, I would loo[...] the pointed pale green leave[...] the Willow Oak, an [...] American beauty. This kn[...] its limits. It must grow [...] damp site; it will not tole[...] lime. Gardeners who resor[...] conifers on wet acid sites [...] often defend themselves [...] pleading that they have [...] choice. They miss a whole w[...] of oaks, more than a hun[...] of which are listed and sto[...] by Hilliers of Winche[...] Hants., kings of the oak-tree [...] protectors of a quite asto[...] ing range of these marvell[...] things. *The Willow* [...] (*Quercus Phellos*) should to[...] feet after ten years and se[...] so *graceful* with its nar[...] leaves and branches. The Sca[...] Oak, Pin Oak (vigorous) and [...] Laurel Oak are equally fine [...] for an acid garden. So sel[...] one seems putting the rhodo[...] drons in the shade.

If you think I am tantali[...] you with names, you should [...] Hilliers a visit and hunt [...] as many of their oaks as [...] can in one day. Forget [...] traditional English oak [...] There are red leaves, leave[...] foot long, rattling leaves, tr[...] gular leaves (the Hunga[...] Oak) and evergreen leaves wh[...] do not rot down on com[...] heaps. Almost everyone has [...] their piece in the last th[...] years on the replanting of el[...] I imagine we will look out [...] the quick trees in future, [...] poplars and willows where [...] the old giants are replaced. [...] if you had a farm or a hed[...] row and if you felt (which see[...] so doubtful) that you would [...] to dignify it, not burn it, [...] at least toy with a Turkey O[...] consider an English Oak, l[...] at a Lucombe Oak, if you w[...] to leave men something of wh[...] they will be proud.

TV/Radio

† Indicates programme in black and white

BBC 1

7.05 a.m. Open University (UHF only). 12.45 p.m. Mid-day News. 1.00 Pebble Mill. 1.45 Bod. 4.18 Regional News (except London). 4.20 Play School. 4.45 Speed Buggy. 5.10 Ask Aspel. 5.35 Magic Roundabout.

5.40 Evening News.
5.55 Nationwide.
6.45 "Carry On Up The Khyber," starring Sidney James and Kenneth Williams.
8.10 Softly, Softly Task Force.
9.00 Nine O'clock News.
9.25 The Fall and Rise of Reginald Perrin.
9.55 International Football: England v. Ireland.
10.50 Bert D'Angelo, starring Paul Corvino.
11.40 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—4.45-4.50 p.m. Crystal Tipps and Allstair. 4.50-5.10 Bie Ond . . . ? 5.55-6.45 Wales To-day. 6.45-7.10 Heddiw. 7.10-7.40 Fo a Fe. 7.40-8.10 Bellamy's Europe (part 7). 11.40 News and Weather for Wales.

Scotland—5.55-6.45 p.m. Reporting Scotland. 9.55-10.50 Sportscene: International Football. 11.40 News and Weather for Scotland.

Northern Ireland—4.18 p.m. Northern Ireland News. 5.55-6.45 Scene Around Six. 11.40 News and Weather for Ulster.

England—5.55-6.45 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

6.40 a.m. Open University.
9.05 Nai Zindagi Naya Jeevan.
9.30 TUC coverage—and from 11.25-12.45 p.m. and 2.15 3.30.
11.00 Play School.
5.25 p.m. Open University.
7.05 Dressmaker.
7.30 News on 2.
7.40 Gardeners' World.
8.10 Sir Mortimer: First of two "Chronicle" films.
9.00 Arena: Edinburgh Festival report.
9.40 Classic TV Drama: "The Gorge" by Peter Nichols.
11.00 Beauty Is In The Eye.
11.05 Newsnight.
11.20 Closedown: Ronald Pickup reads "The Difficult Land" by Edwin Muir.

LONDON

9.45 a.m. Sally and Jake. 10.00 Boney. 10.50 Cartoon Time. 11.00 Trades Union Congress. 12.00 The Adventures of Rupert Bear. 12.10 p.m. Pipkins. 12.30 Mr. and Mrs. 1.00 First Report: News with Leonard Parkin. 1.20 Lunchtime To-day. 1.30 . . . And Mother Makes Five. 2.00 Good Afternoon. 2.25 Mid-week Racing from Doncaster. 3.50 Emmerdale Farm. 4.20 Runaround. 4.45 Rogue's Rock. 5.15 Cartoon Time. 5.30 Sportscene.

5.45 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 Wednesday Movie: "Deadfall," with Michael Caine, Giovanna Ralli, Eric Portman and Nanette Newman.
10.00 News at Ten.
10.30 The Wednesday Special: "London/New York" with Dick Cavett.
11.30 Snooker International.
12.00 What the Papers Say.
12.15 a.m. Alexander John reads from Andrei Sinyavsky's "Unguarded Thoughts."

All ITV Regions as London except at the following times:—

ANGLIA

10.10 a.m. Phoenix 5. 10.35 Keep Britain Slim. 2.00 p.m. Houseparty. 5.15 Beachcombers. 6.00 About Anglia 8.00 Wednesday Film: "Firecreek," starring James Stewart. 12.00 Police Surgeon 12.30 a.m. The Big Question.

ATV MIDLANDS

10.35 a.m. Untamed World. 1.20 p.m. ATV Newsdesk. 5.15 Ghost Busters. 6.00 ATV Today. 8.00 The Super Spies: The Liquidator with Rod Taylor and Trevor Howard. 11.30 Angling Today.

BORDER

10.35 a.m. Keep Britain in Slim. †1.20 p.m. Border News. 2.00 Houseparty. 5.15 The Count of Monte Cristo 6.00 Border News and Lookaround. 8.00 Murderer's Row. 11.30 The Playwright. †12.00 a.m. Border News and Weather.

CHANNEL

†1.20 p.m. Channel Lunchtime News and Weather. 5.15 Gold is Where You Find It. †6.00 Report at Six 8.00 Wednesday Movie, "The Liquidator." 10.00 News followed by Channel Islands Weather. †11.30 News and Weather in French followed by Epilogue

GRAMPIAN

10.35 a.m. Keep Britain Slim. 1.20 p.m. Grampian News 5.15 Wait Till Your Father Gets Home. 5.40 Police Newsroom. 6.00 Grampian To-day and Weather. 8.00 Billion Dollar Brain directed by Ken Russell. 11.30 Angling Today. 12.00 a.m. Evening Prayers.

GRANADA

9.30 a.m. Zanzibar, on the Road to China. 9.55 Animated Classics. 10.40 The Beatles. 1.20 p.m. Nature's Window. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 The Adventurer. 8.00 High Adventure. 10.30 Goostrey . . . A Village. 11.30 What the Papers Say. 11.45 London/New York.

HTV

10.30 a.m. Keep Britain Slim. 12.00 a.m. Flower Stories. 12.30 Face The Press 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty †5.15 Chuckleheads 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Cilla's World of Comedy. 8.00 The Big Western, starring Kirk Douglas. 11.30 So It Goes.

HTV Cymru/Wales—As HTV General Service except: 12.00-12.10 p.m. Chwedlau'r Blodau. 1.20-1.25 Penawdau Newyddion Y Dydd 4.20-4.45 Rhifeddodau. 6.00-6.15 [illegible]

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.30 a.m. The Sweet Sugar Doughnut 10.35 Keep Britain Slim. †1.25 p.m. Road and Weather Report. 2.00 Houseparty 5.15 Kiri. 5.20 Crossroads. †6.00 Watch This Space. 6.30 Star Maidens. 8.00 "Billion Dollar Brain," starring Michael Caine. †11.30 Late Call—Rev. Tom Gordon Old Kirk Edinburgh. 11.35 The Big Break.

SOUTHERN

10.35 a.m. Keep Britain Slim. 1.20 p.m. Southern News. 2.00 Houseparty 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day By Day: Wednesday Extra. 8.00 "Billion Dollar Brain." 12.00 Southern News Extra. 12.10 a.m. Weather Forecast followed by Agony Auntie!

TYNE TEES

10.30 Starting Point. 10.35 Keep Britain Slim. 12.30 p.m. I Dream Of Jeannie 1.20 North East News and Lookaround 2.00 Women Only. 5.15 Star Maidens 6.00 Today At Six. 8.00 The Southern Star. 12.00 Epilogue.

ULSTER

10.35 a.m. Keep Britain Slim. 1.20 p.m. Ulster News Headlines, followed by Lunch time. 3.40 Ulster News Headlines 5.15 Return To The Planet Of The Apes 6.00 UTV Reports. 8.00 Wednesday Film "Billion Dollar Brain," starring Michael Caine.

WESTWARD

9.35 a.m. Sesame Street 10.35 Keep Britain Slim. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Gold Is Where You Find It. 6.00 Westward Diary. 8.00 Wednesday Movie: The Liquidator 11.30 Westward Late News. 11.35 Faith For Life.

YORKSHIRE

10.00 a.m. Craftsmen of Dinorwic. 10.20 Journal. 10.35 Ed Allen Time. 1.20 p.m. Calendar News. †5.15 Calendar. 6.00 Calendar (Emley Moor and Belmont editions). 8.00 Billion Dollar Brain starring Michael Caine. 11.30 The Playwright.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 Ed Stewart (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2—8.02-10.00 as VHF). 11.00 John Peel (S) (also on VHF). 12.0-12.05 As Radio 2.

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible] Organ (S) from Bute Hall, Glasgow: Bach, Wood, Berkeley, Norholm. 10.30 Berwald (S). 11.00 Edinburgh International Festival. Chamber music concert (part 1): Schubert, Berg. 11.50 Festival Comment. 12.05 p.m. Concert (part 2): Mozart. 1.00 News. 1.05 The World of Operetta (S) (part 5): Two from Berlin. 2.05 Clarinet and Piano (S) Recital: Gade, Bax, Brahms. 3.00 BBC Welsh Symphony Orchestra (S): Copland, Mozart, Tchaikovsky. 4.30 Songs and [illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible] "Napoleon and Josephine" (part 8). 5.00 PM Reports. †5.50 Financial Report. VHF Regional News. 5.55 Weather. 6.00 News. 6.15 Dr. Finlay's Casebook. 6.45 The Archers. 7.00 News. 7.05 The World In Focus. 7.30 Murder International: "Somebody's Telling the Truth." 8.00 Quest for the Romanovs. 9.00 Quote . . . Unquote. Quiz game. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.45 A Book At Bedtime. "And So—Victoria" (part 3). 11.00 The Financial World Tonight. 11.15 [illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,177

ACROSS

1 Puzzle with dance was reversing (6)
4 Kept out of pub by cardinal (6)
8 Baby delivered to a princess (7)
9 Compare quality of game getting dearer (5, 2)
11 Blacking footwear from foreign country (4, 6)
12 American state's got troubles (4)
13 Bumped into engineers just over yard (5)
14 Weapon pointedly brought to heel (8)
16 Doctor girls with syrup (8)
18 Roadman running West-end racket (5)
20 Stay with footwear model (4)
21 Bun made while crossing to register (6, 4)
23 No gentleman is a long jump champion (7)
24 Sail south to solicit support (7)
25 Moderate annoyance (6)
26 Overture from sensitive person (6)

DOWN

1 Unlucky chap had a whale of a time (5)
2 Most important to take wine with tea (7)
3 She doesn't fear being brought to book (9)
5 Flooded by a laundry (6)
6 Take it easy concerning start of Chinese family (7)
7 Two score on board (6, 3)
10 Original mistake made by man in field (5, 4)
13 A spaceman might have to loaf (4, 5)
15 Combine into one tent gear I have spoiled (9)
17 Opposite of character in Caesar J (7)
19 Coming with a right competitor (7)
21 Note carried by railways the day before (5)
22 Beaming cutter lost in Arles (5)

SOLUTION TO PUZZLE No. 3,176

TIMBRE BEARSOUT / MINUTE DISTRICT / ROLLEDUP GROOVE / URSA CHAPLET / CANDACE MAIL / REPORT PRETORIA / MANAGING RETORT / LETALONE IMPAIR

Television

Autumn bonus

by J. V. STEVENSON

Something old, something new; something borrowed, something blue . . . Television's Autumn season is here again. "19 new series," proclaims the BBC in *Radio Times*, adding "Some of them are new." How pragmatic the BBC is! Not for them the subtleties of Orwell's pigs, with their "equal" and "more equal." If the BBC had been running Animal Farm, a memo would have gone round saying "Look: all animals are equal. Some animals *are* equal. Got it?"

The Living Waxworks, of which we spoke last week, are getting set; over the weekend we had *Duchess of Duke Street* and *Lorna Doone* from the BBC, while ITV is giving us Thames' *Jennie—Lady Randolph Churchill* (Tuesday) and Granada's *Victorian Scandals* (Friday). *The Duchess* was on first impression, I felt, a little too lifelike. But it is early days yet and no doubt, when everyone has had longer to settle in the mould, the high standards of mummery we have come to expect will be achieved.

Meanwhile there is a bonus for the waxwork devotee. Passing through the lounge of a sauna, I caught sight of the new *Dr. Who* story. At first, with everyone in historical costume, I thought it might be *Lorna Doone*. But soon the "carefully researched background" and accuracy of period dress and detail showed me this was not 17th Century Exmoor but Renaissance Italy (well, 20th Century Wales, according to *Radio Times*).

Later, I sat mournfully in the hot room reflecting that once *Dr. Who* had been that rare thing, a genuinely "televisual" serial. Now here it was, another exhibit for the museum, with characters making predictable period jokes such as how strange it was that anyone should think the earth went round the sun. It wouldn't surprise me if there were people in television who still thought it was strange, judging by the unadventurousness of much of their work.

Certainly many of them still seem to think the television serial revolves round the novel and the theatre; and it is this belief that is helping to hold back the serial's development.

Ironically, the novel and the theatre have long since discarded many of the techniques that television inherited from them and goes on employing. The "narration over" device, for example, persists on television, yet it is original in the novel, the "reflecting character," would be thought very old-fashioned in fiction to-day.

Similarly, realistic sets abound in modern as well as costume television serials, when the theatre is recalling how for centuries it got by without them.

All this, of course, simply shows what is evident anyway: that the stage and the novel are always freer forms to work in than films and television. Words are more flexible (as well as more important) than pictures.

But even so, there is no reason why television should lag so far behind the theatre and the novel as it does. It has not yet absorbed more than the most obvious techniques of the film, from which it would be expected to derive most. After all, the film started off drawing its style and method from the theatre, and following the narrative line of the novel. But it developed from there. With such an example, television drama, and especially the serial, should by now have developed more than it has.

The use of the realistic set is a good example of why it has not. This serious and costly hindrance to the serial is a hangover from a theatre generation which, passed by when the theatre itself moved on, appears to have ended up in television. There they seem determined to hang on to this relic of their past lives, like grandmothers treasuring locks of hair from youthful lovers.

Consider, for instance, the new dramatisation of *I, Claudius* (starting this autumn) which, we are told, will dispense with location filming. This is not, according to the programme's makers, just an economy measure. For where, they ask, would they find suitable locations? Well, *Dr. Who* has found Renaissance Italy in Wales, so Ancient Rome should not prove much of a problem. Besides, Spain and Greece seem to have served the purpose in Roman film epics.

Perhaps, then, the decision *is* an economy measure. And why not? We live in perilous economic times, etc., etc.

But, quite apart from matters of cost, no filming seems to me no bad thing. What most interests me is that no one has said they will dispense with realistic sets. Dr. Johnson said of *Antony and Cleopatra* that if we could think ourselves in Egypt to begin with, why couldn't we imagine we'd moved to Rome later on? Similarly, if we don't need location filming to convince us we are really in the Roman Empire, why will we need studio sets to prove we're at the court of Claudius?

Graves' book is not a conventional historical novel. Yet it looks as though it may become a conventional costume drama. Presumably the realism won't extend to everyone speaking in Latin. But anyone who has had the good fortune to learn that language will recall that the important thing was to extract the *meaning* of the English and express that in Latin idiom, rather than give a word-for-word rendering. In that way, one wrote Latin and not Latinised English.

A similar method is involved when moving from one artistic form to another; it's important to transcribe the whole, and to express it in the terms of the new medium.

Television has not properly learned to do that yet; and until it does the television serial cannot become a true popular art form. At present the characteristics of an individual form, out of which art is made, are still largely lacking from it. It continues to work, even in its modern serials, through an intermediary medium, a hybrid of book and play.

Clearly the fad for classic adaptation and costume drama has done much to maintain this. But so has the proximity of news and documentary. These, being ideally suited to television, undermine the effect of naturalistic drama—*naturally*. It is this excess of naturalism that hinders the progress of the serial.

Viewing, unlike reading (and listening), is not a naturally imaginative activity. To make it so, the scope of what is being viewed must be pushed beyond the purely realistic. That transforms it into art, and at once the spectator's imagination is brought into play.

In the theatre this is achieved by the blatant unreality of what is going on. Seeing is not believing. These people are actors who are not really where they are supposed to be, who are talking in abnormally loud voices, and saying things that cannot all have occurred to them on the spur of the moment. So the spectator has to make an imaginative leap to suspend his natural disbelief. The opera goes one better: it has everyone singing. To believe that, the spectator must stretch his imagination to the full.

But on television everything is so natural one accepts it without the least trouble. These could very well be real people, in their homes at this moment, having their lives relayed to us in the same way the football match was earlier. They look, talk and behave just the same as people we see being interviewed on the news. Now at last all the world *is* a stage, but all the players merely men and women.

There is no doubt that many serials—soap operas and the worst situation comedies—are designed to confirm this impression. The aim of those who produce them is to engage the viewer's interest in a way that is least taxing both for them and for him: by providing as close a replica as possible of the life he knows already.

In the poorest serials, such as *Coronation Street* and *Crossroads* have become, no attempt is made to enlarge on the viewer's experience or increase his understanding of the experience he has had. Criticism of life is usually confined to the doctrine that it has its ups and downs, we all go through it and have our troubles, but in the end it's all right, you live and learn to put up with it.

When life outside the viewer's experience *is* shown, often a second-hand view of it is presented such as confirms all he has ever been told. For these purposes, imagination must naturally be kept at bay; and it is done so *naturally*.

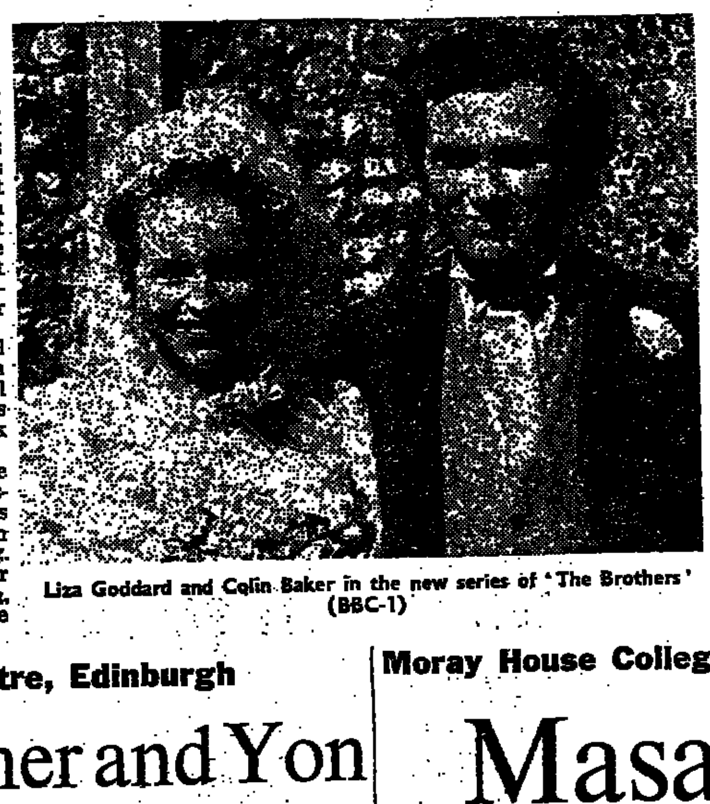
Thames's *George and Mildred* (Monday), for example, sets out to show the "way of life in net-curtained suburbia." "It could be just up your street," we are told in *TV Times*. And London Weekend's *Within These Walls* (Saturday), a serial about life in a women's prison, is the favourite programme apparently of prisoners in Holloway.

Well, no doubt a serial about public lavatories might appeal to lavatory attendants. And why, incidentally, aren't our pets catered for? They are, after all, members of our families, and frequently find themselves in front of the television. Why no serial about night-time tile-life among cats, or the confined life of the goldfish in the bowl?

No suggestion, of course, that it might be interesting for us all to see a serial, say, about "life in net-curtained suburbia" and how, why, and whether it should have landed a housewife in Holloway. "Only connect . . ." said E. M. Forster. If television connected more often, the serial would be much improved, both technically and in terms of content. Also, with less reliance on elaborate sets and designs, money could be saved. That, if nothing else, should be a persuasive argument.

I leave you with the news that *The Brothers* is back. I do not have to recommend this peculiarly popular serial, nor am I going to. But surely the BBC must be given credit for the imagination that has gone into it. Here it is at last, the longed-for thing; a *Victorian* serial in modern dress! The work Galsworthy could have written, had he only lived into his 100s. My only complaint is that it has deprived me of the title I planned to use for a costume serial set in a monastery. I shall just have to call it *The Brothers "Manqué"*!

Chris Dunkley is on holiday.



Liza Goddard and Colin Baker in the new series of 'The Brothers' (BBC-1)

Leonard Burt

Mia Farrow, John Wood and Norman Rodway

Aldwych

Ivanov

by MICHAEL COVENEY

Chekhov's first play, quickly written, badly received and constantly returned to by the author, is a strange, firecracker of an acidic farce with a tempting part for a virtuoso actor: the challenge of Ivanov is to wring as many variations as possible on a theme of disgusted boredom. Only 35 years old, Ivanov has, quite simply, fallen out of love with his consumptive, Jewish wife and run up against a solid wall of despair. Chekhov places on the stage a vociferous shadow of a man tortured by his own pathologically induced condition of stagnation. Bemused by and yet acutely aware of his own hopelessness, it is as if the monstrous surrounding cast of caricatures are emblazoned by the eyes with which Ivanov views them. The strange, haunting achievement of the play—quite apart from its mesmeric assurance of expression—is that Ivanov is also seen in relief against the awful picture of petty bourgeois life that is sending him under.

I can hardly credit that I once saw Gielgud play the part on television, for it seems so remote from the temperamental scope of even that great actor. David Jones's RSC production is superbly fitted around a stunning central performance by John Wood. Mr. Wood meets the righteous condemnation of the "honest" young doctor Ivov with an incomprehending shrug about his own migraine, his inability to cope, his ambition to forget all about his life. But the extra dimension that Mr. Wood creates so memorably is that the apparent selfishness of his behaviour in running off from his dying wife to submerge himself in the idle prattle at the household of his principal creditor is a matter of real concern to him. Lvov hates him for being a Tartuffe, while Ivanov himself, in acute moments of alienation, mocks himself for being a Hamlet.

There are some magnificent set-pieces, all given full ironical blast by a company at the top of its form: Norman Rodway's bear-like, alcoholic Lebedev delivers a stay of suicide by charging into Ivanov's study with an offer of money so his wife can be paid back: Bob Hoskins as Borkin, the manager of Ivanov's estate, seeing every conceivable situation as productive of a general commercial well-being among the community, presents a buoyantly complicated figure of fun and enterprise among his more slow-witted fellows: and Estelle Kohler as the dying Anna plays her second difficult Aldwych part on the trot with illuminating sincerity and passion.

BEE......

What I especially admire about the production as a whole, however, is the force with which it meets the play head on with a sustained attack of energy and daring; in the last act, the show runs into top gear, with the desperately unhappy Lvov, brilliantly played by Kenneth Cranham, winding himself up into a blotched frenzy with a force easily the match of the central character. The production coasts, fully revved, and you wonder whether it is not suddenly dawning on all concerned that they are involved in an utterly trite melodrama. It is an extraordinary practical demonstration of the play's powerful immaturity, a vividly theatrical leson in "where do we go from here in this thing we have started." The answer is in Ivanov's final, cynical throwaway. You simply end it all.

William Dudley's sets and costumes are sumptuous and beautifully detailed. Carl Davis's music is witty and pervasive in all the right places. Mia Farrow gives her best stage performance to date and, as a tedious guest at the Lebedevs', Richard Simpson uses his bored nasal tones to devastatingly comic effect. Zoe Wanamaker as a flightly widow enraptured by the prospect of social advancement but horrified that this entails marriage to a stupendously boring Count, establishes herself as a young actress in the very front rank. In all, this is a tantalising, infuriating and super-charged theatrical entertainment.

The Entertainment Guide is on Page 9

Plays extended and transferred

The Derby Playhouse production of Chekov's *The Seagull* will now continue its run at the Duke of York's until October 2. Michael Frayn's comedy, *Clouds*, will now run at the Hampstead Theatre until October 16.

Royal Lyceum Theatre, Edinburgh

From Hither and Yon

At the centre of Twyla Tharp's second programme is a work called *From Hither And Yon*, which is nothing less—but how much that less is—than a survey of 11 years of Miss Tharp's creativity. It is an assemblage of fragments, some of them brief, 10-second snatches, others longer, integral sections, from 14 dance works, whose first title was *Hodge Podge*. This last would have been an unjust description, for one of Twyla Tharp's distinguishing features as a choreographer is the intellectual discipline that guides her wonderful talent, and there is a clear and stimulating pattern to this hodge podge—the collage of pieces is by no means fortuitous.

It is a dangerous game to ascribe qualities of intellect to dance; it is more true to say that Miss Tharp's dances make us think—and this without in any way detracting from the more immediate beauty of the dance itself as movement, as Paul Taylor's "Food for the Eye." That Twyla Tharp can also make it food for the mind is our good fortune. Audiences are too rarely aware of the reasons behind a dance, of its mental as well as its physical justification.

But lest I seem to suggest that *From Hither and Yon* is a kind of choreographic crossword, let me also declare that there is a persuasive momentum to its development, a tribute to the power of her dance imagination. It presupposes, I would hazard, some acquaintance of the history of Miss Tharp's dances — from the early, slightly bristly exercises in use of space and dynamics down to the latest buoyant, physically brilliant works like *Give and Take* which dates from this year.

The piece begins with the Stars and Stripes march from this latter piece, very jolly about watching a parade go by, and also being part of the parade—and then leaps back ten years to the first Tharp work. There are lightning glimpses of *Re-moves* and *Tank Dive*, including the moment when eggs are smashed on stage (an incident which made the London public wince when we saw it a decade ago) and suddenly we are on familiar ground with Miss Tharp's own "I hate to tap dance" from the *Bix Pieces*. Christina Uchida performs a ravishing solo from *Give and Take* ravishingly—it looks for all the world like a classical danced relaxing to jazz — and we are next brought up short by Shelley Washington smashing a red chair to smithereens in a moment from *Disperse*, with the chair well and truly dispersed over the stage.

By now Miss Tharp is able to show us two works at the same time and to blend one piece into another, so that Tom Rawe embarks upon the slow, time-stretching poses from *Generation* while Miss Tharp and Jennifer Way explore the 11 second movement cells of *The One Hundreds*, a fascinating work we saw at The Round House. A short burst of *Ocean's Motion* (just time enough to recognise the sound of Chuck Berry's voice, realise it is indeed *Ocean's Motion*, and it's over) gives place to Rose Marie Wright and Kenneth Rinker dancing *The Bach Duet*. This is given in its entirety; a lissome pas de deux in which the sublime second movement of Bach's cantata No. 78 is somehow made to harmonise with movements as cool and disengaged as one can imagine. Miss Tharp bounds marvellously on in a solo for herself, though it looks as if it could be written for Baryshinikov, that is part of her work in progress on *Country Dances*. Rose Marie Wright deals with "The Wedding of the Painted Doll" from *The Double Cross* on point and absolutely unabashed, and the piece ends with darkness and stillness and the figures of the dancers gleaming faintly from the stage.

I found *From Hither and Yon* sometimes teasing, always stimulating and magnificently danced. At first sight it looks as if a great mass of Press cuttings covering Miss Tharp's career had fallen to the floor higgledy-piggledy. As we look at them we can sometimes read whole paragraphs, sometimes just sentences, or maybe only a headline and a title. But there, none the less, is the history of a decade of invigorating work by one of the major dance creators of our time; so cleverly organised that at the end we can enjoy both its subtle inner-harmonies and tensions of structure.

CLEMENT CRISP

Moray House College

Masaniello

by B. A. YOUNG

Armando Pugliese's Teatro Libero was originally just what its name suggests, a free theatre playing in the courtyards of Neapolitan palaces for anyone who cared to attend. Hence the style of the production we now see in the gym at Moray House—a most acceptable alternative, by the way, to the Haymarket Ice-rink, an acre or two less in extent but acoustically far better.

Masaniello, written by Pugliese and Elvio Porta, is played on half a dozen small moveable stages in the manner of Ronconi's famous *Orlando Furioso*, of which it is not surprising to learn that Pugliese was assistant director. The audience, which on Monday was somewhat impertinently invaded by a BBC television crew, can walk about where it likes, taking care only to avoid the moving platforms as they are manipulated into various combinations—separately to surround the auditorium, together to form a continuous stage bisecting the room, and so on. Though the style derives from Ronconi the effect is more like Mnouchkine's *1789*, especially as the subject, Masaniello's sad little uprising in Naples in 1647, is in its modest way a similar one.

Masaniello was a fish-seller from Amalfi who led a protest against a tax on fruit imposed by the Spanish Viceroy. The movement flared up rapidly until it became too much for the simple Masaniello to cope with; in a sinister foretaste of Russian procedure (though the general drift of the piece is not agitprop), he is officially declared insane, and shortly after assasinated. Mariano Rigillo plays the part in an oratorical manner that derives from its open-air origin, rich in flamboyant gesture and external emotion, yet even in the times of his triumph a man in whom enthusiasm clearly outweighs intellect.

This outdoor manner runs through the company, but is delicately handled by the players taking the less pleblan parts—Lombardo Fornara as the weak Viceroy, for example, who makes a pretty escape from his castle on a two-dimensional horse, Giovanni Poggiali as a shifty cardinal, Corrado Annicelli as the courteous bourgeois Genoino.

The Vicereine, always sympathetic to the people, is taken by Anne Teresa Rossini as if she were indeed one of the people, though she maintains a social barrier between herself and Masaniello's wife, Bernardina, who is given a full-blooded, full-throated performance by Angela Pagano.

There is generous music, composed by Roberto De Simone and played in the lively manner of Italian café song; if the players had burst into "Volare" or "Evviva la Torer di Pisa," it would not have seemed irrelevant. Indeed, the opening song, the Ballad of Masaniello, sets the mood of the evening, vigorous, instantly assimilable but never aiming at intellectual depth—the mood, in fact, if I may be forgiven for saying so, of most Italian opera.

Roundhouse/Radio 3

Nash Ensemble

Monday's second Prom filled the Roundhouse with gentle twangings, and more exotic sounds which assimilated two or three passing locomotives quite easily. The programme—well planned, if a bit protracted for a late-evening concert—included two works built around the characteristic buzz and snap of the harpsichord (Harold Lester, precise and musical, as always), and two more recent exercises in evocative colours. Falla's little Harpsichord Concerto of 1926 came first: it can have a sharper bite in a smaller hall, but under Lionel Friend's careful direction it had the right elegance and lucidity.

The most substantial work was Elliott Carter's Sonata for flute, oboe, 'cello and harpsichord, a piece whose polyphonic ingenuity is disguised by the quirky allure of its surface, scintillating and full of surprises. (For newcomers, it makes a happy introduction to Carter's idiosyncratic procedures.) I have not heard a performance of it in London which matched this one in its grasp of the musical argument; it was rewarded by the rapt attentiveness of the audience. By comparison, George Crumb's *Ancient Voices of Children* needed all Mary Thomas's considerable powers of dramatic declamation to carry us over the holes between its ear-tickling noises. It is a sound-poem rather in the Varèse tradition, though infinitely less aggressive than his: there is no argument beyond the simple theatrical shape, but a most delicately contrived sequence of small, seductive sound-events. It has a kind of instant memorability, though the charm of Crumb's oral world may be as much a matter of transient fashions as, say, Mantovani's.

The concert ended with John Tavener's 1972 *Canciones Españolas*, with James Bowman and Kevin Smith the excellent counter-tenor soloists. A characteristically sugar-and-spice affair, it resembles Berio's delectable set of arrangements, *Folk Songs*, for Cathy Berberian. Pungent, sometimes acrid settings are attached to catchy traditional material—all of it Spanish here, some by Alonso X—in such a way as to let the old songs keep their separate integrity. Like all of Tavener's very public music, it works, without much effort; it will attract everyone who enjoys the quasi-Renaissance sounds cultivated by the late David Munrow. As on their recent record of the *Canciones* (with Tavener's *Requiem for Father Malachy*), the Nash Ensemble supported Messrs. Bowman and Smith with energy and delicacy.

DAVID MURRAY

Albert Hall/Radio 3

Strauss's Burleske

Von Bülow's famous verdict on the first, unrevised score of Strauss's early *Burleske* for piano and orchestra (1886), which was to ring true of so much of the later music also, was "genial and yet appalling." I had kept out of the way of the *Burleske* for several years, and so came to it again at last night's Prom with relatively fresh (if hardly unprejudiced) ears: genial I certainly remembered it, but was the music really so appalling?

It was the spirit (not the delicate workmanship or scoring) of the piece which von Bülow reproached: a spirit which could never be cured by revision. In the *Burleske*, it makes one of its earliest, unmistakable appearances: a choice of a number of neat, simple musical propositions, swathed together in a sticky, hot-fisted bundle, clogged with instrumental marzipan and nylon fur. How still more awful it sounds at a new meeting!—Strauss's catalogue of pseudo-Lisztian bombast and tenderfoot Brahms pastiche, leavened with one or two pages of very pretty salon sugarcandy, and three or four ghostly, ghastly pre-echoes of *Til Eulenspiegel*. The soloist, Walter Klien, dealt with the notes efficiently, and with more than a little grace: but more than alchemy, real heavenly magic, is needed to turn candy-floss into gold.

The BBC Symphony Orchestra under Rafael Frühbeck de Burgos began the evening with a neat, nicely swung account of Bartok's variation suite of *Hungarian Peasant Songs*; and ended it with a performance not in the least appalling, but entirely genial, workmanlike, of Berlioz's *Symphonie fantastique*.

DOMINIC GILL

WORLD TRADE NEWS

W. Germany in Saudi cement deal

KLOECKNER - Humboldt - Deutz said in Cologne yesterday that its unit KHD Industrieanlagen received a DM235m. (about £50m.) turnkey order to build a cement factory in Saudi Arabia.

The factory will be built at Buraydah, 400 kilometres north-west of Riyadh, and should start operation in 1980 with an annual capacity of 650,000 tonnes. Saudi Arabia's El-Kasseim cement has awarded the contract.

Japan gas deal

Esso Standard Sekiyu said in Tokyo yesterday that it and two Japanese liquefied gas companies have arranged to import 460,000 tonnes of liquefied petroleum gas annually from Saudi Arabia over five years starting next year. The Japanese oil refinery, affiliated with the Exxon Group, said the gas will be supplied from Arabian American Oil (Aramco) through Exxon which owns a 30 per cent. stake in Aramco.

Saab French HQ

Saab-Scania automotive group has announced that its subsidiary Scania France SA will build a Kr.20m. headquarters in Cergy-Pontoise, 30 miles north-west of Paris.

Phosphate deal

Grãnges, the Swedish heavy industry group, has reached agreement with Petromin, the Saudi Arabian petroleum concern, to explore and possibly develop a phosphate discovery in the northern part of Saudi Arabia. Test drillings are to start immediately at Thaniyat, where the phosphate reserves are estimated to be 150-300m. tonnes. The two partners will spend some Kr.15bn. (£1.9m.) on the exploratory drillings and a profitability study over the next two years.

Geneva tea talks

The setting up of an international tea promotion association is being discussed in Geneva by representatives of 17 tea producing countries.

$40m. loan to Peru

A Swiss banking syndicate consisting of Swiss Bank Corporation, Swiss Credit Bank, Union Bank of Switzerland, Swiss Volksbank and Bank Leu has granted a $40m. loan to the Peruvian Government for repayment in three annual instalments after the end of three years. A share of 70 per cent. of the sum will go to pay compensation to Swiss investors in electricity, cement and telephone companies nationalised in Peru and the remaining 30 per cent. towards Peruvian investment projects.

Japanese offer Yen loans 'to offset trade criticism'

BY CHARLES SMITH

TOKYO, Sept. 7.

IN A GESTURE apparently designed to turn away criticism of Japanese trade policies, the Ministry of Finance said to-day that the U.K. and France would be welcome to raise funds in Tokyo's international capital market.

The statement was confirmed this afternoon by the director general of the Finance Ministry's international finance bureau, Mr. Masao Fujioka, after the Japanese Press had carried hints of a policy change.

According to Mr. Fujioka the Tokyo underwriting community has up to now been "under the impression" that big European countries like France and the U.K. would not be welcome in the Yen-denominated bond market although smaller countries like Denmark and Finland have been, or will be, admitted to the market.

Mr. Fujioka said this was definitely now not the case. He also indicated that there was no reason why major European borrowers should not raise to Y15bn. (£29m.) a time in future issuing operations. Previously, issues by Foreign Governments in Tokyo have tended to be limited to Y10bn., although international institutions like the World Bank and the Asian Development Bank have been able to borrow more.

The Finance Ministry's statements coincides with the European leg of a tour by Japan's Vice-Minister of Finance, Mr. Michiya Matsukawa, which has apparently been designed to seek understanding and turn away wrath from countries which feel they are accumulating unacceptable trade deficits with Japan. Mr. Matsukawa has had talks with Treasury officials and central bankers in Italy, France and West Germany this week, but not with the U.K. which he visited earlier in the year.

The Vice-Minister's visit to Rome points up the fact that Japan is not apparently including Italy on the list of countries which would be especially welcome as borrowers in Tokyo. The reason for this is probably that the Finance Ministry feels an Italian issue would do poorly in Tokyo because of Italy's current balance of payments difficulties.

The same fears, presumably, could apply to an issue by the U.K., but the Ministry evidently feels concerned enough about trade relations with Britain (where Japan ran a £215m. trade surplus in the first seven months of the year) to want to give its full support to the idea of a U.K. bond issue.

The Ministry of Finance has approved bond issues in Tokyo by Brazil, Denmark, Singapore and the Asian Development Bank over a period stretching from the end of September up to January or February next year.

Officials say that about 30 other countries and international institutions have expressed a wish to come to the market but there is said to be nothing so formal as a queue. The implication is that if the U.K. and France wanted to come to the Tokyo market they could probably do so some time fairly early in 1977.

Another apparent implication of Mr. Fujioka's statement is that the International Financial Bureau of MoF, which has tended to champion developing countries like Mexico, Brazil or Singapore as borrowers in the Tokyo market, now recognises that there is a political need to open the market to some of Japan's major developed trading companies.

The problem about the Finance Ministry gesture is that neither France nor the U.K. are, in fact, likely to show very much enthusiasm for borrowing in Tokyo under current conditions. Three major discouraging factors are the high level of Japanese interest rates, the strength of the Yen and the fact that Y15bn. is a very small sum for a major European nation to wish to borrow. The odds are therefore that the Japanese move will be politely neglected by the countries at which it was aimed.

U.K. luxuries for Mideast

By Lorne Barling

British retailers of luxury goods are being offered the opportunity to sell directly to Middle Eastern customers from a specially equipped liner which will visit key Gulf ports early next year.

The project, a floating Arab-British luxury expedition (FABLE 1), is being undertaken by a British company, Gloristan. More than 60 stands on the 3,000-ton ship MV Hermes, are being offered from £6,500 to £16,000.

The vessel will call at Jeddah, Muscat, Abu Dhabi, Doha, Bahrain, Dammam, making two stops at each port lasting three to six days. It will visit Kuwait for a shorter period.

Cargo space will be provided for standholders' stock and facilities will be available to replace goods by air freight

U.S. car imports increase

BY JAY PALMER

NEW YORK, Sept. 7.

THE GROWING shortage of new U.S.-made cars, a trend which has been accentuated in recent months as Detroit has closed plants to switch production to 1977 models, is directly benefiting the leading foreign car importers.

During August, importers captured a 19 per cent. share of the total U.S. new car market. While this represents a small decline of the near-record 22 per cent. market share taken in August, 1975, it is still easily their largest share since demand abruptly switched back to bigger vehicles late last year.

Sales of imported cars during the month were estimated to have reached about 145,000 units. This would represent a near 3 per cent. decline on year-ago levels but, nevertheless, still a sharp improvement on the uninterrupted string of monthly declines of up to 30 per cent. seen over the first seven months of this year.

Against this backdrop of strong import sales, deliveries of new U.S.-made vehicles climbed 15 per cent. to just over 615,000 units, about in line with general expectations. Total sales during the month rose 11 per cent.

The concensus view from Detroit is that sales could have been much higher during the month but for shortages of supply. Detroit's unsold stocks of new vehicles are now reported to be equivalent to no more than 50 days supply, well below the more normal 60 to 70 days supply.

Japan talks

Further talks are expected shortly between Japanese and American officials on a U.S. request for a simplification of Japanese procedures for examining new-model American cars, according to Tokyo sources, which added that the U.S. Government warned the Japanese Embassy in Washington of possible retaliatory action by the U.S. unless a solution to the problem is found.

EXPORT CREDITS GUARANTEES

Complexity limits ECGD scheme

BY MARGARET HUGHES

The Export Credits Guarantee Department's new scheme allowing buyer credits to be arranged in foreign currencies is an improvement on overall facilities offered, but is it too complex to be practical?

THE IMPROVEMENTS announced a few weeks ago in the export credits guarantee scheme could have far reaching implications for Britain's plant contractors and the country's balance of payments position.

At first glance the main advantage is that it now safeguards exporters invoicing in foreign currency against possible currency losses on the forward market should a buyer default. In general this applies to invoices of small unit value on relatively short term credits. Currently they account for some 10 per cent. of total export invoices.

But when the scheme comes into operation on October 1 it will also enable buyer credits to be arranged in foreign currencies. Some 90 to 95 per cent. of large plant contracts are financed by buyer credits—last year the total value of contracts covered was some £864m. The new facility, which is still being worked out by ECGD in conjunction with the banks, should make plant exporters more competitive when bidding for contracts abroad and also reduce public expenditure.

The main attraction for the Government of such a facility is that it would eliminate ECGD refinancing — which has been partly responsible for the recent sharp rises in public expenditure —and at the same time reduce the interest rate subsidy.

Britain's clearing banks provide the funds for the loans made to buyers of British exports as buyer credits. But once the total advanced is equivalent to 20 per cent. of the bank's current account balances any further loans advanced by the bank are fully refinanced by ECGD on a revolving basis. This money features as public expenditure and so far this year some £600m. in additional funds has been required to meet refinancing commitments.

At present buyer credits are denominated in sterling and then refinanced in sterling from public expenditure. But if the credit is to be financed in a foreign currency—most likely in dollars—the loans would become the responsibility of the banks. They would raise the money to finance the loans on the Euromarket — raising short-term deposits, rolling them over during the period of the loan and earning a margin on the rates ruling at each roll-over.

Public expenditure would no longer be required, eliminating outflow of currency. ECGD would not be directly involved, although it would still provide guarantees. There would still be a need to cover the banks against default by the buyer and there would need to be safeguards to cope with a situation where banks were unable to roll-over these deposits. This raises the problem that the normal life of a Euromarket loan is five to seven years, while many of the projects being financed may take as long as 10 years to complete.

On the interest rate front, ECGD—again from voted money —makes up the difference to the banks between the fixed concessionary rate which the buyer pays on his loan and the market rate. This amounts to a subsidy of around £10m. a year. In the case of dollar denominated credits there would still be an agreed rate of subsidy but as dollar rates are lower than sterling rates—3 per cent. at least—the amount of subsidy required would be reduced considerably and may even be eliminated.

Such potential cutbacks in public expenditure are good news for the British taxpayer, but the new buyer credit facility has a more direct advantage for the plant exporter. For the British exporter the attraction of quoting or invoicing in foreign currency when sterling is depreciating is that by selling the foreign currency forward to buy sterling he can either make a gain in sterling terms or use this to quote a lower price.

Many exporters have been doing this on small contracts, the only snag being when the buyer defaults ECGD pays out in sterling—and at the rate ruling at the time of the contract rather than at default—a gap which has however been bridged by the new foreign currency scheme.

But while some exporters have been able to benefit in this way (albeit until now by taking a chance that the buyer would not default) plant exporters have been prevented from doing so by the very large sums which would be at risk over a long period on capital goods contracts.

For these projects the contractor is paid as work progresses so that by knowing when these payments will be paid throughout the contract, he can sell the foreign currency forward. This could give him a gain in sterling terms but his big advantage would be that he could quote a lower price in say dollars than he would be able to in sterling. This could be a crucial factor for British contractors, who, because of high inflation rates at home, so often find themselves unable to compete on price.

Several contractors consider that the ability to conclude a contract in a hard currency such as the dollar will have greater impact than the much publicised cost-escalation scheme. The actual advantage would in practice be dependent on several factors, namely the duration of the contract, the timing of the repayments and the strength of the forward dollar market. But generally it is estimated that there could be a potential gain of between three and six per cent. which could be translated directly into a cheaper quote, for example £3m. on a £50m. contract.

But for the contractor to be able to do this, he, or rather the bank which in the case of buyer credits actually makes the payments from the loan advanced to the buyer, has to be certain that they are made on the dates due. This is ultimately dependent on the buyer meeting his repayments on the loan.

For sterling buyer credits, the banks have been covered against default by the buyer. But for credits in foreign currency, had they been undertaken, they would only be covered on a sterling basis — which would leave them short.

For this reason, although several contractors have seriously considered quoting in dollars for payment in dollars, they have not been able to go ahead. Banks have not been prepared to take on forward transactions without cover against default. The introduction of the new buyer credit scheme will eliminate this risk.

Applications to use the new facility have already been made to ECGD but since it has still to be finalised it is expected to be some time before contractors can actually make use of it. Because it is essentially foreign currency financing, foreign banks have shown particular interest in the scheme although they may not have the experience of British banks in buyer credits.

Morgan Grenfell has been largely responsible for developing the foreign currency facility which evolved from a financial package prepared for one of its clients some 18 months ago on a East European contract it was bidding for—unfortunately lost to the Japanese.

On the whole the buyer credit extension has been welcomed by the major plant contractors, particularly those which have the expertise to handle the financial intricacies. But some feel that it is perhaps the Government—through a redutcion in public expenditure—which has rather more to gain than either the contractor or the foreign buyer.

The foreign buyer will in the longer term actually pay more than if the contract was concluded in sterling, although this does not often appear to be appreciated by the overseas buyer. When comparing the initial bids the buyer, British contractors claim, usually takes no account of the fact that by the time he has to make his payments it will actually cost him less in terms of his own currency because of the depreciation of sterling—equivalent to a discount of as much as 25 per cent.

As far as the contractor is concerned there is still an element of risk. He cannot tie up a forward transaction until he has been awarded the contract, yet he has to calculate the likely gain he will make by selling forward when determining his price. If sterling/dollar rates are fluctuating it can be very much a guessing game.

And although the foreign currency credit can make his price more competitive, the British contractor still has to make an allowance in his price for likely increases in material costs. One or two contractors have suggested that the ideal solution might be for ECGD to offer a better cost escalation cover to those who do invoice in foreign currency—the saving made by the Government on one offsetting the increased cost of the other.

But perhaps the main handicap is that for many contractors the financial complexity of foreign currency contracts may well deter them from using the facility. This is a criticism also levelled at the cost escalation scheme and many of the bigger contractors have in fact had to put their cost escalation calculations on computer.

Both the CBI and Process Plant Association feel that though potentially very useful, both schemes are so complicated that they are unlikely to be fully exploited. Only two contracts have been concluded using the cost escalation scheme introduced 18 months ago.

As Commander John Hamer of the Process Plant Association puts it, plant contractors are not in business to play casinos by taking a gamble on currency! What he, and many others, call for is a simple and prompt referral system—just a phone call away—to tell them how they stand when preparing a bid. As always, the French COFACE scheme is held aloft as the shining example of how it should be done.

AMERICAN NEWS

New price and profit rules due in Canada

Finance Minister Donald Macdonald was due to announce major new revisions in price and profit regulations under the Anti-Inflation Programme yesterday, writes Victor Mackie in Ottawa. The revisions will apply to the rules governing prices and profits set by business and will not affect controls on wages, according to Government officials.

The changes are in response to complaints from business circles that profit controls are too tight, limiting productivity and restricting competition. Businessmen have suggested a shift in emphasis towards price controls and away from profit controls claiming that this will stimulate competition.

The action of the Government will add ammunition to the Canadian Labour Congress which has called a national one-day strike or day of protest on October 14 against the Anti-Inflation Board's programme, claiming that it is aiming all its actions against the working man and going easy on business and industry.

NY Times facelift

The New York Times yesterday unvelled the first major change in its format for more than 60 years, appearing for the first time with six columns of news on the front page instead of the eight to which generations of its readers hav e been accustomed, writes David Bell in Washington. The changes in column widths are designed to make the paper more attractive. The paper is also to increase its news coverage with an expanded business section designed to compete with the Wall Street Journal.

Argentine killing

A senior executive of one of Argentina's state-owned banks was shot dead yesterday by alleged left-wing guerillas, police sources said in Buenos Aires, Reuter reports. The sources quoted eyewitnesses as saying that Sr. Daniel Cash, the 52-year-old assistant manager of the Banco de la Nacion, was riddled with bullets by four men who were waiting for him in a car when he left his home in the residential district of Palermo. The killers escaped.

Prison order

Mr. John Ehrlichman, once one of Mr. Richard Nixon's top Presidential aides, was ordered yesterday to begin serving a 20-month prison sentence on September 17 for his role in the White House "plumbers" case, AP-DJ reports from Washington.

Mideast air link

Trans World Airlines has asked the Civil Aeronautics Board for permission to serve the Middle Eastern points of Jedah, Saudi Arabia, and Bahrain starting on November, AP-DJ reports from New York. There currently is no U.S.-flag service to either destination.

Strike threat

The Mexican Labour Congress, which groups about 3m. trade union members, has said it will shortly issue notice of a general strike and demand unspecified pay increases from 15,000 commercial enterprises, Reuter reports from Mexico City. The unions want nationwide pay increases to cancel out the past year's inflation plus the domestic effects of last week's peso float.

Jamaica emergency

The Jamaican Prime Minister, Mr. Michael Manley, has indicated that the impending general elections may be held under the state of public emergency which was declared in mid-June to curb a wave of crime and violence, writes Canute James in Kingston.

U.S. Congress 'misled by administration' on boycot

BY DAVID BELL

WASHINGTON, Sept.

THE FORD administration and the U.S. Commerce Department were accused to-day of misleading Congress about the extent to which American companies may have complied with the Arab boycott of Israel.

A House of Representatives Commerce Subcommittee charged to-day that last year American companies co-operated with the boycott to the extent of $4bn.—far more than the $10m. estimate most recently provided by the Administration. The sub-committee's report is based on evidence contained in several thousand pages of Commerce Department records which were subpoenaed in December in the face of fierce opposition from Mr. Rogers Morton, the then Commerce Secretary.

According to the report, which talks for the most part in generalities and gives very few specific examples, the Department had tacitly encouraged companies to go along with the boycott and did not begin until last autumn to enforce a provision of the Export Administration Act which lays down that companies should inform the Department whenever they comply with any boycott, although it does not make such boycotts per se illegal.

The report further alleges that in various ways the Department "actually served to encourage boycott practices implicitly by condoning activity declared against national policy or simply by looking the other way while these practices grew."

Congressman James Scheuer, one of those who worked on the report, was quoted this morning as saying that for ten years the Commerce Department, with "a nudge and a wink had confidentially advised" U.S. businessmen that they need not comply with requests to supply information about the boycott.

Late last week there were also reports that the Commerce Department had advised so companies that they could round the "boycott problem" the U.S. by exporting to A countries through their for subsidiaries. Mr. Eliot Rich son later described these rep through a spokesman as " accurately and unfairly desc ing Department of Comme policies regarding the boycott Israel."

These reports could scar have come at a less opport time for President Ford who has before him a major tax which also includes a spe provision that would deny so foreign tax advantages to co panies that comply with boycott. Mr. Ford does not w to sign the boycott legisla which is opposed by the Adm tration on a variety of grou But if he vetoes the Bill he r being cast by the Democrats "frightened of Arab interes —a charge that might do little good in the elect campaign.

Car industry settlement hopes

BY JAY PALMER

NEW YORK, Sept.

WITH EXACTLY a week to go before existing labour contracts expire and a car industry strike could be called, negotiators for both Ford Motor and the United Auto Workers' Union are becoming more optimistic about the chances of a peaceful settlement.

Although none of the wide and still major areas of disagreement have yet apparently been settled, both sides appear to be discarding rhetoric in favour of serious and secret discussions.

At a special Labour Day news conference in Detroit yesterday, representatives of the UAW negotiating team said that they were now much more hopeful of avoiding a strike call. This represents a significant mellowing in the union's stand since last week when Ford made its initial "insulting" economic offer.

The size of that Ford offer surprised and dismayed the union team which immediately rejected the terms. Although the UAW is carrying on parallel talks with the other larger car companies, these remain very much in the background since Ford has been designated as the "target" company for the pattern of industry-wide contracts.

● For its fourth quarter of t year Ford expects combi sales of cars and trucks to 950,000 to 1m. units. The re to date was, for the fou quarter of 1972, when 954, units were sold. Last yea fourth quarter sales were 82 units.

Another record may be set sales for the full 1977 mo year. Production of 1977 mod began last month, and the o put goal for this year is 19 cent. higher for cars and 28 cent. higher for trucks than last year's comparable period.

Small capital spending rise see

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Sept. 7.

THE U.S. Government is still unable to find evidence of any substantial increase in business capital investment by the end of the year.

The latest Commerce Department survey, conducted in July and August, projects a 7.4 per cent. increase in capital expenditures in calendar 1976 compared with last year. This figure is virtually unchanged from the previous survey, taken in April-May.

These figures are not adjusted for inflation The Commerce Department notes that the implicit price deflator for non-residential fixed investment rose at an annual rate of 4½ per cent. in the first six months of the year and assuming a not dissimilar performance for the balance of the year, puts the real rise at no more than two to three per cent. for 1976.

The administration believes that business spending will sustain the American economic recovery once inventory adjustment and personal consumption have settled down to more stable levels. It had been expected that this would become most evident in 1977, but that some leading signs would be seen in the last months of this year.

Non-Govermental surveys claim already to have detected this trend. The Conference Board, for example, reported last week that in the second quarter the nation's 1,000 largest manufacturers had set aside 13 per cent. more for future capital spending than they had in the first three months.

Other statistics, including pick-up in machine tool ord and some firming of loan dema at the commercial banks, ha also pointed to this conclusi though the data remain so what fragmentary and tentat

However, the Commerce partment, at least, is so far unab to elicit the same encourag response from its canvasses.

Accounting rules bid fail

BY OUR OWN CORRESPONDENT

NEW YORK, Sept. 7.

INJUNCTIONS brought by one of the "big eight" accounting firms, Arthur Andersen, against two pronouncements adopted by the Securities and Exchange Commission have been denied in a Chicago court.

Final rulings in the case will have ramifications throughout the accounting profession, as well as in companies registered with the SEC whose financial statements are audited by public accountants.

The first pronouncement, adopted in 1973, which has general support from accountants, is regarded by the SEC as the keystone of its reliance the public accounting professi to formulate its own accounti rules. The second, adopted l September, requires auditors companies which change the accounting practices to st which method—the old or new—is preferable.

This is largely opposed accountants since the implicati is that an accountant must the criticise his clent's procedure This, combined with the clai that the SEC has not follow due process of law in instigati the new regulation, form th basis of Andersen's case.

TRINIDAD'S ELECTION CAMPAIGN

Twenty years at the top

BY OUR PORT OF SPAIN CORRESPONDENT

GENERAL elections in the Republic of Trinidad and Tobago take place next Monday after an often heated campaign with Prime Minister Dr. Eric Williams strongly favoured to retain power for another five years.

Challenging Dr. Williams and his negro-dominated People's National Movement (PNM) party are nine parties. Altogether, 271 candidates, including five independents, have been nominated to contest the 36 seats for the Caribbean island's Parliament.

Under sweeping electoral reforms long clamoured for by opposition groups, the voting age has been reduced to 18 years, and the controversial voting machines, first introduced here in 1961, are being replaced with the more conventional ballot boxes.

It will be the third national general election to be held since this oil and sugar-producing country—regarded as the wealthiest in the Caribbean Commonwealth—became politically independent from Britain 14 years ago, and the first to be held under a republican constitution proclaimed on August 1 this year.

According to the electoral list drawn up by the elections and boundaries commission, some 525,284 people are eligible to vote. The figure includes 69,000 18-year-olds who have been given the vote for the first time since free elections were introduced 30 years ago—in 1946.

The main opposition parties are the left-wing United Labour Front, formed more than a year ago which draws its support from the working class, and which was born out of the industrial unrest in the country last year: the Tapia House Movement, dominated by intellectuals from the Trinidad campus of the University of the West Indies: the Democratic Action Congress led by former deputy Prime Minister Ray Robinson: the Democratic Labour Party; and the Social Democratic Labour Party. There are other small opposition groups such as the West Indian National Party, the Liberation Action Party: the United Freedom Party: and the Young People's National Party.

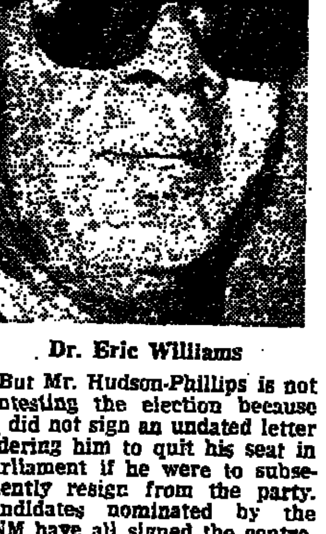
The ruling PNM and the Democratic Action Congress are the only parties to field a complete slate of 36 candidates each in as many constituencies. National elections last held here in May 1971, following black power riots, were boycotted by the opposition groups and Dr. Williams, the 65-year-old Oxford-educated historian, was swept back to power for the fourth consecutive five-year term since 1956 with his party capturing all 36 seats in Parliament.

In that election, the ruling PNM received only 28 per cent. of the total votes cast. The boycott was aimed at forcing the Government to introduce electoral reforms. It was the first time that a single party had won all seats to the legislature, and this set off an constitutional crisis as the constitution had provided for an opposition. The crisis was settled after legal manoeuvres. Later, two members of the ruling party quit and formed an opposition in Parliament.

Now, while the PNM is threatened with a split in its hierarchy since it is generally felt that a younger man should take over from the veteran Prime Minister, political analysts are firmly convinced that Dr. Williams and his party will be returned to Parliament but with a reduced majority.

The analysts say that the PNM will capture about 21 seats—two seats more than required to form the next government.

Within the ruling party itself, Mr. Karl Hudson-Phillips, a former attorney-general, had emerged as the strongest challenger to Dr. Williams—the longest surviving government leader in the Western Hemisphere—for the posts of political leader and Prime Minister.



Dr. Eric Williams

But Mr. Hudson-Phillips is not contesting the election because he did not sign an undated letter ordering him to quit his seat in Parliament if he were to subsequently resign from the party. Candidates nominated by the PNM have all signed the controversial letter which created a storm that at one time seriously threatened the party leadership.

Parties challenging Dr. Williams for political power are calling on the electorate to change the government, basing their arguments on high unemployment (about 20 per cent. of the workforce), and mismanagement of public funds. The opposition candidates are also pointing to accusations by Dr. Williams, who, a few months ago, referred to some of his co leagues in the last Parliament "millstones." One of the opp sition parties, the Tapia Hous Movement, led by former unive sity lecturer Mr. Lloyd Bes which was formed about eigh years ago, is calling for a com plete restructuring of the socie and the economy. Tapia claim that although the economy o Trinidad and Tobago is buoyan the man in the street is stil "scruting"—a local term whic means "in want."

While the other parties ar emphasising the poor conditio of roads throughout the countr lack of water supply in man areas, poor telephone service frequent electricity breakdowns and the need for agricultural de velopment, the PNM is highlight ing the buoyancy of the economy rapid industrial development strides in education, the growth of respect for Trinidad and Tobago on the international scene, and preservation of democracy during ts 20 years in power.

It is generally felt that because of the proliferation of parties and the record number of candidates facing the polls, the PNM will have little difficulty in holding on to power. The election will also settle the question as to which party will form the opposition in Parliament. For many years, the Democratic Labour Party had filled this role but now the United Labour Front seems certain to occupy the main opposition benches.

Had there been a major united opposition party, many observers believe, prime minister Dr. Williams would have been faced with his strongest challenge in his two decades as leader of this two island state.

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OVERSEAS NEWS

More deaths as violence erupts in Cape Town

CAPE TOWN, Sept. 7.

OT POLICE fired on demonators to-day, killing at least ree men in a new flare-up of ti-Government protest that ok racial violence into the art of white sections of Cape wn and pushed the death toll 301 in 11 weeks of nationwide otest.

Police Maj. Gen. David Kriel, charge of riot control, said o men were killed in the Cape wn area and one at the allack township of Soweto near hannesburg. He said a "conlerable" number were injured.

The police sources said a large imber of people—including at ast two whites—had been rested during the disturbances. gencies

John Stewart adds: Anti-riot nits of the South African police ed shotguns, teargas and batons clear demonstrators and onokers from the central business strict of Cape Town as fresh olence and unrest erupted in e city after the relative calm a three-day Bank Holiday eek-end.

Police action in the city centre day was less restrained than any time since the outbreak the trouble. Shotgunners fired ores of birdshot blasts down oroughfares, hitting lunchne pedestrians and fleeing monstrators alike.

The worst violence occurred on e Grand Parade, the city's ain square, where club-wielding loured youths smashed car ndows at random until they were set upon by riot police. From Grand Parade the trouble spread to all parts of the city centre.

People not pursued by the units jeered at the police and received teargas blasts and riotstick blows for their trouble. The situation came very close to total anarchy as a number of shop windows were smashed and owners took protective action against possible looting. Large department stores boarded up their doors and windows.

Several plate glass windows in the shopping arcade in Greenmarket Square were broken when milling crowds entered the square. The crowd jeered the riot police as they patrolled the square with dogs and shotguns.

In Burg Street several shots were fired from shotguns and a number of people were hit.

About 60 rounds of birdshot were fired into a mob of 300 Heideveld schoolchildren outside Guguletu to-day after they had marched to the African township disrupting traffic as they went.

Earlier to-day police opened fire with shotguns and service revolvers into large groups of demonstrating coloured youths in Tiervlei and outside Guguletu.

Hundreds of high school pupils converged on the city in groups from District Six and the Cape flats after their schools closed to-day. Several motorists were stoned in Crawford and Athlone by the pupils.

Scores of rioting schoolchildren and adults from the Cloetesville township outside Stellenbosch were dispersed as they began to march up the main road in the town.

Meanwhile all coloured schools in the Cape peninsula have been closed until next week because of student unrest. The September examinations have also been postponed until next week.

Stewart Dalby adds from Johannesburg: The widely predicted work boycott by blacks of shops, offices and factories in and around Johannesburg failed to materialise to-day. A high turn out was recorded in Johannesburg and schools reported a high attendance in Soweto, the black sister city to Johannesburg.

The only notable act of violence recorded was early this morning when white police shot and killed a black man who was allegedly trying to sabotage a railway line.

British couple, journalist Dr. David Rabkin and his wife Susan, detained in South Africa since July 28 were charged yesterday with conspiring with the Communist party and other banned organisations and distributing literature prepared by these groups, Reuter reports from Cape Town.

Tension on increase in Lebanon

By Ihsan Hijazi

BEIRUT, Sept. 7.

THE "Green Line" which separates the Moslem and Christian districts of Beirut has suffered most from the rise in intensity of shelling and sniping during the past few days.

Throughout the night and this morning the area, where Sudanese soldiers of the Arab peace-keeping force are stationed, was pounded by artillery and machinegun fire bringing the traffic between the two districts to a halt.

The command of the Arab forces has complained that its positions were shelled by Christian elements and that one Sudanese soldier was wounded.

A guerilla officer, Major Nizar Ammar, was seriously wounded in that area yesterday. The incident led to the postponement of a meeting between President-elect Elias Sarkis and commando leader Abu Iyad. Maj. Ammar had gone to the Green Line to discuss security arrangements for the meeting, which may be held later to-day.

Heavy fighting also raged overnight in the badly damaged commercial centre, and more clashes were reported in the eastern mountains and around the port of Tripoli.

Observers are puzzled by the heightening of tension because it has coincided with extensive efforts at relaxation, in order to pave the way for a smooth transition of power to Mr. Sarkis on September 23.

CLAMPDOWN IN KUWAIT

Tighter rein on Palestinians

BY KATHLEEN BISHTAWI, IN KUWAIT

THE DISSOLUTION of the Kuwait National Assembly by the Emir last week came as a shock to the State. In announcing the resignation of the last Government the Crown Prince, Sheikh Jaber al Ahmed, explained that the Parliament had obstructed its legislative programme and abused its freedom. Beyond that no official light has been cast on the suspension of democratic processes, least of all by the appointment of the new Cabinet on Monday.

It had been expected to reflect a shift towards conservatism in keeping with the National Assembly's dissolution and the suspension of four newspapers over the past week. The Ruling House of Sabah has clearly become acutely concerned about the vociferousness of opposition in Parliament and also the liveliness of the Press which was aggravating other Arab Governments. Added to that, there is evidence of concern about the Palestinians, who firmly believe that tighter security measures promised are directed against them. The action taken against the Parliament, whose membership is elected by only some 50,000 Kuwaiti citizens, and the Press cannot be unrelated to the Palestinians whatever denials are made in official quarters.

The radical Kuwaiti opposition is the foremost protagonist of the Palestinians, who also are the biggest element staffing the newspapers. It would be surprising if there was not apprehension among Kuwaitis that extremist Palestinian elements might concentrate in Kuwait if they were forced out of Lebanon.

Kuwait is now rife with rumours about large-scale deportations from the country over the next few months. But officials deny that any such thing is planned and say that there is no question of a repetition of the events of 1965 when nearly 10,000 Palestinians were expelled. Despite the assurances, the Palestinian community, which may now number 300,000 out of a total population of about 1m., is worried.

When the last forced exodus of Palestinians occurred, Kuwait was suffering internal security problems which followed an election which the Opposition say was rigged. Recently, however, the country has experienced a spate of bomb explosions and hoaxes at newspaper offices, at Syrian Arab Airlines and a number of public places.

Many view the recent political events in Kuwait as a reaction to these happenings, and in the words of one prominent national, "We Kuwaitis are against the Palestinians being a power in the country." The fact that Mr. Abu Iyad, the second man to Mr. Yassir Arafat in Al Fatah, can gather 37,000 Palestinians in a football stadium within two hours' notice is disturbing to some citizens.

However, Kuwaiti officials are at pains to point out that the war in Lebanon and its effects on the Palestinians have nothing to do with the recent political changes. But the Interior Ministry is now talking of tougher security measures though denying that they are aimed at the Palestinian community in any way. The new measures, which include the issuing of identity cards, are aimed at decreasing Kuwait's fast-growing crime rate, officials say.

Kuwait's National Assembly was established 14 years ago and the last session witnessed a daily barrage of indictments directed at the Government over its alleged corruption and dominance by merchants. Although no political parties are allowed, an opposition bloc was forming among deputies known for their sympathy to the Palestinian and other liberation causes in the Arab world.

Certain members in this bloc went as far as criticising the country's "one-man rule" system, and referred to Sheikh Jaber al Ahmed, the Crown Prince and Prime Minister, as "a dictator."

The confrontation was further fuelled by the Kuwaiti Press, which was blossoming in the country's free atmosphere, and seemed to be taking over the role of Beirut as the main centre for free comment. Not only did the Press inherit the outspokenness of the Lebanese papers, but its bad practices too. Newspaper proprietors now admit that editorials and articles were bought and sold to interested Arab Governments to continue their familiar war of words.

For the Palestinians the situation is fraught with dangers. The Palestinian community is one of the oldest in the country, and many of these Arab expatriates have built up successful businesses and would not like to see anything jeopardise their "Buick" standard of living.

The one thing that the PLO officials here are fearful of is any further identification with Left-wing nationalists which led to such fatal consequences for the movement in Lebanon.

The restoration of parliamentary life will be a priority of the new Kuwaiti Cabinet, a Government spokesman said yesterday, Reuter reports. Speaking after the first meeting of Sheikh Jaber's new government, the spokesman said the future parliament would, however, have to match the ambitions of the people of Kuwait for further security, stability, progress and social justice.

Ford to grant MiG pilot asylum after Japan landing

WASHINGTON, Sept. 7.

RESIDENT FORD has personly decided the U.S. should ant asylum to the Soviet pilot 10 landed his MiG 25 "Foxbat" rcraft in Japan yesterday, the hite House said to-day.

But Mr. Ford would leave it Japan to decide what should done with the aircraft, Presintial Press Secretary Ron essen said.

"If the pilot requests asylum the U.S., he would be welme," Mr. Nessen said. Since e Japanese have custody of the hter, "it is up to them to cide what to do with it."

The State Department said esterday that the Soviet pilot, irst Lieutenant Viktor Belenko, ad asked for political asylum in ie U.S.

Mr. Nessen declined to say hether intelligence experts were iotographing the jet, the world's stest combat aircraft which was ice described by the U.S. Air irce as the best interceptor in oduction.

Meanwhile in Tokyo, Japan day rejected a Soviet request r immediate return of the hter. Permission was also ressed for Soviet diplomats here interview the pilot.

The Japanese Foreign Minisy declined all comment on cal Press reports that the lot would be flown to the U.S. morrow. But the Ministry ould allow him to be transrred to the U.S. if Washingn agreed to the asylum quest, Ministry sources said.

Foreign Minister Kiichi yazawa said the Soviet request r immediate return of the jet could not be met since the aircraft had violated Japanese airspace, and authorities must first complete their investigation of the affair.

The surprise landing of the sophisticated MiG25, with the pilot easily moving through 24 radar sites, embarrassed air defence officials. An official described the incident as "unbelievable," and said Japan's radar system is unable to detect "enemy" aircraft coming in at altitudes below 980 feet.

The Japanese Defence Agency to-day said its military experts had been sent to Hakodate to help police there in checking the MiG25 and interrogating the pilot.

There were alarms and excursions off Japan's west coast during the night—apparently connected with the defection of the Foxbat pilot. A Defence Agency spokesman said that radar screens picked up nine unidentified aircraft over the Sea of Japan and that Japanese Phantom jet fighters scrambled to intercept two of them.

Defence officials said that it was rare for such a number of unidentified planes to be seen in such a short period. Military experts believed that they were Soviet jets.

● The American nuclear-powered warship USS Truxtun berthed in Melbourne to-day, and members of maritime unions promptly downed tools to attend a mass meeting. They decided to return to work after a 24-hour stoppage but will boycott the pier at which it is berthed.

Israel population warning

top secret report to the Israeli nister of the Interior warning at by 1978 the Arab population Galilee will exceed the Jewish e has been leaked to the Press, Daniel writes from Tel Aviv.

This development (the Arab pulation grows by 5.9 per cent. ear against 1.5 per cent. by the wish), may have serious political percussions and, in the case of r. possibly military ones, the vernment has been warned.

The report points out that ile Arabs constitute 14 per nt. of Israel's population, they y only 1.5 per cent. of total income. This has led to the cumulation of substantial ounts of undeclared income in Arab sector which could be ed by organisations trying to dermine the Israel Government's authority.

Israeli Cabinet minister later ongly attacked the report, cording to a Reuter report. Moshe Kol, leader of the peral Party and the Minister Tourism, said the ideas put rward for curbing the Arab pulation growth were bad, tdated and contrary to vernment policy.

apan bankruptcies

rporate bankruptcies in Japan ring August increased to 1,289, highest this year and the ghest August figure on record, Tokyo Commerce and Industry search Company said yesterday, ports Reuter. Debts amounted Y157,085m., up 12.6 per cent. om the preceding month but wn 41.9 per cent. from a year o. Most of the blame was laid the slow recovery in domestic mand.

ong Kong growth

nancial Secretary Philip Haddonve said yesterday that the vised forecast of 16 per cent. al growth in Hong Kong's gross mestic product this year will derstate the true growth of the onomy on the assumption that 76 will be a year of stock build- compared with 1975, Reuter ports.

gyptian trial

ve Arabs who appeared for trial fore an Egyptian military court sterday pleaded innocent of the arge of "communicating with a reign country, namely the Libyan Arab Republic, with the aim of commiting hostile acts against Egypt. UPI reports from Cairo. But three defendants confessed they commandeered an Egyptair Boeing 737 on a domestic flight from Cairo to Luxor on August 23.

Korea alert

United States forces in South Korea will remain on alert for the time being even though the American-led United Nations Command and North Korea have reached a new agreement on patrolling the demilitarised zone, the Defence Department said yesterday, Reuter reports from Washington.

India censorship

News reports or comments on India's family planning programme have been made liable for pre-censorship under an amendment to the Defence and Internal Security of India rules, Reuter reports from New Delhi. No reason was given for the order, but it is believed to reflect Government concern at signs of increasing resistance in some states to family planning on religious grounds and to its compulsory aspects.

Nigeria education

Nigeria's campaign against mass illiteracy got under way yesterday with the launching of a free primary education scheme involving more than 2m. children, writes our Lagos correspondent.

Australia denial

Australian Treasurer Phillip Lynch yesterday refuted a suggestion by his Labour predecessor Bill Hayden that the Australian dollar will be devalued early next year, Reuter reports from Canberra. "Mr. Hayden's views are quite inconsistent with those expressed by the Opposition spokesman on the economy who said recently that the balance of payments was quite healthy."

ON OTHER PAGES

EUROPEAN NEWS

M. Dassault may shed light on vanished aide

BY RUPERT CORNWELL — PARIS, Sept. 7.

M. MARCEL DASSAULT will give a rare television interview to-morrow which may at last throw some light on the mystery surrounding the former chief accountant of his aviation empire and a sheaf of confidential documents relating to the group.

The central figures in the drama are the accountant, M. Herve de Vathaire, a right-hand man of the legendary M. Dassault for 25 years, who vanished on July 6 with the Frs.8m. (£900,000) he had withdrawn in cash from a company bank account, and the strange mercenary-cum-idealist M. Jean Kay who vanished at the same time.

Since then no real leads have surfaced as to their whereabouts. In the absence of the two the Paris press has woven elaborate theories from the clues to hand, beside which most fictional detective stories pale.

As in the best scandals the facts are few and the questions limitless: and not least why it was only last Friday that the removal of the money and the two men's disappearance became public knowledge, and arrest warrants were issued.

The picture that can be pieced together is of a man thrown out of gear by the protracted and fatal illness of his wife, and then moving into the murky world of Paris night clubs. There he met and became a close friend of the 33-year-old M. Kay, veteran of half a dozen dirty wars, yet who once hijacked an airliner to try to bring help in 1971 to war-torn Bangladesh.

From late last year on M. de Vathaire accumulated a file of secret papers on transactions involving Dassault, which the mercenary induced him to pass over and did not return. The Frs.8m., police assume to have been a despairing effort by a guilt-stricken man to recover what he had so injudiciously given away.

But it now looks increasingly certain that Jean Kay was working with—if not manipulated by—more sinister individuals who themselves now hold the papers. The mercenary is known to have had links with members of a gang that kidnapped a prominent record company executive in January, and in particular with a M. Jacques Prevost, an OAS veteran involved in the unsuccessful assassination attempt on General de Gaulle at Petit-Clamart 14 years ago.

At this point the trail goes cold. No clue has seeped out on the identity of these background figures, and evidence unearthed by the Paris Press of lightning trips to Miami by de Vathaire, Jean Kay and their girlfriends, and of a strange week-end near the Swiss border just after their disappearance has only confused matters further.

Ingredients for international scandal abound. Dessault designed and built the immensely successful family of Mirage jets, of which 1,800 have been sold to some 20 countries, including South Africa. But the contents of the documents can only be guessed at.

Whether the truth will ever emerge is even more uncertain. In France such affairs, even with a cast of characters as intriguing as in this case, often just quietly fade away—helped if needs be along the path to oblivion by the authorities themselves.

Restraint by Kissinger

BY OUR OWN CORRESPONDENT — PARIS, Sept. 7.

SECRETARY of State Dr. Henry Kissinger to-day sought to play down the quarrel between France and the U.S. over the projected sale by Paris of a nuclear fuel reprocessing plant to Pakistan, strongly opposed by Washington.

After a two and a half hour meeting with President Giscard d'Estaing at Elysee Palace, Dr Kissinger said they had reviewed the nuclear proliferation problem but "had not spoken about any particular transaction."

The dominating topic of course this morning was the situation in Southern Africa after the talks in Zurich between the Secretary of State and Prime Minister John Vorster of South Africa.

The views of France and the U.S. seem very close. M. Giscard d'Estaing declared himself in favour of majority rule in Rhodesia and the accession of South West Africa (Namibia) to independence according to the timetable laid down by the UN.

France also supports the American idea of an international programme to ease the transition for European settlers in Rhodesia when Africans take over government.

Andreotti acts to end backlog

BY ANTHONY ROBINSON — ROME, Sept., 7.

SIG. GIULIO Andreotti, whose personal position has been strengthened by confirmation from the Lockheed Corporation that the letters allegedly involving him in illegal payments to push the sale of Orion and Starfighter aircraft were forgeries, to-day formally started the new Government's activity with the first of a series of cabinet meetings aimed at clearing the decks of a mass of pending legislation held up by the lengthy political crisis.

The meeting paved the way for ratification of a series of international treaties of which the most important is the agreement reached with Yugoslavia at Osino in November last year for the normalisation of the frontier question and the establishment of a free port area.

The cabinet also approved a series of measures to reform discipline in the armed forces which, while refusing pressure to allow the right to strike, proposes to set up a representative body to air grievances. The Government also proposes a five-year limit to military occupation of training zones and provides for improved compensation terms to landowners of such areas.

Foreign Minister Arnaldo Forlani also reported on the forthcoming issues at Common Market level and reported on the recent Parliamentary commission which visited the Lebanon.

On the economic front, the Minister for Tourism announced a substantial increase in tourist receipts which this year are expected to top Lire2,000bn.

Today's cabinet meeting was the first of a series within which Sig. Andreotti has pledged the Government to tackle the backlog of impending legislation and clear the decks for the important Parliamentary debate on the 1977 budget provisions later this month. It is part of his plan of more open government to be judged pragmatically by results rather than ideological considerations.

Soviets not interested in Berlin negotiation

By Nicholas Colchester — BONN, Sept. 7.

THE SOVIET Union is not interested in renegotiating the four power agreement that defines the position of Berlin. This is the clearest message to emerge from an interview given by Mr. Valentin Falin, the Russian ambassador in Bonn, to the local newspaper, the General Anzeiger.

"We think that the four power agreement is in present circumstances the best that can be achieved, and, seen in certain historical perspective, the best that will be achieved," Mr. Falin claimed.

This clear statement goes some way to remove apprehension among the three Western allies which control West Berlin that a looming argument over West Berlin's right to send delegates to the expanded European Parliament might lead the Soviet Union to demand a renegotiation of the quadrapartite agreement.

On the question of Berlin's participation in the Strasbourg Parliament, Mr. Falin's answer was a terse reminder that "the existing situation may not be altered unilaterally." This point was the basis of Moscow's recent démarche complaining of the west's plans to give Berlin a limited involvement in the new European Parliament.

The tone of Mr. Falin's interview was distinctly friendly. This tone must be interpreted in light of the forthcoming general election in West Germany. There is no doubt that recent tension between East and West Germany and their respective backers over shootings on the East German border and interference with the traffic on the transit routes to West Berlin has proved an embarrassment to the governing coalition in Bonn.

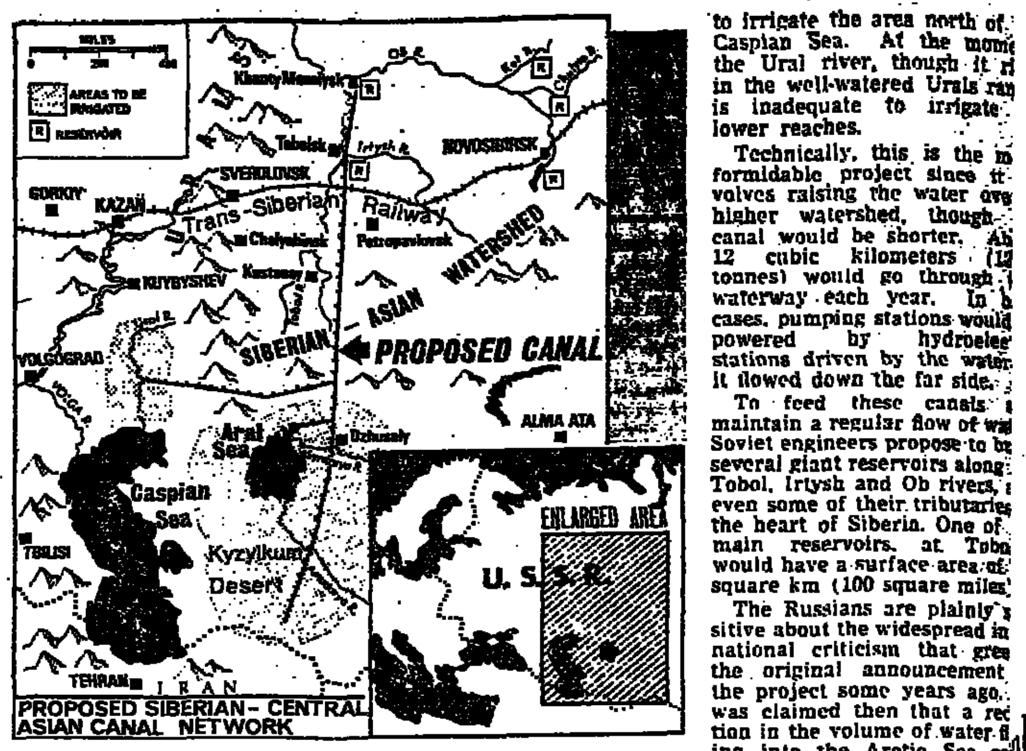
Mr. Falin's answers seem to contradict any suspicion that Russia is actively interested in furthering this embarrassment. Rather it emphasises Russia's continued interest in detente.

● Hans-Juergen Wischnewski, a State Ministry in the Foreign Ministry, to-day renewed the Bonn Government's position that West Berlin must be represented in a new European Parliament, UPI reports from Munich.

SOVIET PLANS FOR A SIBERIAN CANAL

Correcting a fault of nature

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT



PROPOSED SIBERIAN - CENTRAL ASIAN CANAL NETWORK

THE RUSSIANS' famous plan to redirect Siberian rivers towards the deserts of Central Asia, already the butt of protests from Western environmentalists, is back on the cards after lying dormant for several years.

The project is enshrined in the new Five-Year Plan which Moscow adopted at the beginning of this year for 1976-80. This means it has official blessing, and that money is being put aside for it, though the Russians themselves admit it will be decades before work even starts.

This enormous scheme, by far the largest of its kind ever contemplated, is rooted in a significant geological fact. The Siberian watershed is such that all the region's mighty rivers, the Ob, the Irtysh, the Angara and the Lena, flow northwards into the Arctic Sea, which means that not a drop of Siberia's incalculable rain and snowfall finds its way to the south.

As the Russians see it, this is an enormous waste of water which could be put to use irrigating the parched steppes of Kazakhstan where the soil is potentially rich. They have long dreamed of correcting this "fault" of nature, but their plans were repeatedly shelved as more important priorities came to the fore.

However, the agricultural disasters of the past four years have added a new urgency to the land reclamation programme. Despite Russia's size, the acreage of arable land per head of population is actually declining. And this is almost certainly the reason for the revival of the diversion project.

In fact, there are two projects on the drawing board, both involving the Ob, Irtysh and Tobol rivers (the last two are Ob tributaries) which lie just beyond the Urals in western Siberia. These rivers have been chosen because they are closest to Kazakhstan and the Aral and Caspian Sea depressions where the water shortage is most acute.

Under the first project, a 2,300 km (1,500 mile) canal would be built from the confluence of the Tobol and Irtysh rivers to a point not far from the Soviet border with Iran. In European terms, this is the equivalent of building a canal from Stockholm to Sicily. Under an alternative but less favoured scheme the canal would start 400 miles further north at Khanty Mansiysk on the confluence of the Ob and the Irtysh.

The canal would run south and cross the Siberian watershed at its lowest point just east of the Urals' southernmost foothills, which would entail pumping the water up 75 metres (250 ft). After this, gravity will take it past the Aral Sea (which may be fed by a branch from the canal) and into the Kyzylkum and Karakum deserts. On the way, it will cross the Syrdarya and Amudarya rivers, which are seasonal.

The canal would divert some 50 cubic kilometres (about 50bn. tonnes) of water a year from the Siberian rivers, enough by Russian estimates to irrigate 10m. acres of valuable cotton and lucerne-growing land. It would also enable the region's sheep population to be doubled.

Under the second project, a branch would be built off the northern end of the canal to divert water over the southern Urals and down into the Ural river basin where it would serve to irrigate the area north of Caspian Sea. At the mome the Ural river, though it ri in the well-watered Urals ran is inadequate to irrigate lower reaches.

Technically, this is the m formidable project since it volves raising the water ove higher watershed, though canal would be shorter. Ab 12 cubic kilometers (12 tonnes) would go through waterway each year. In b cases, pumping stations would powered by hydroelec stations driven by the water it flowed down the far side.

To feed these canals maintain a regular flow of wa Soviet engineers propose to b several giant reservoirs along Tobol, Irtysh and Ob rivers, even some of their tributaries the heart of Siberia. One of main reservoirs, at Tobo would have a surface area of square km (100 square miles).

The Russians are plainly s sitive about the widespread in national criticism that gree the original announcement the project some years ago. was claimed then that a red tion in the volume of water fl ing into the Arctic Sea co change the environmen balance, and even permit the cap to creep further south.

According to Novosti, semi-official news agency, diversion of the proposed t of 75bn. cu km of water a y from the Irtysh and the "would not cause the sligh damage to Siberia." On other hand, the irrigation Central Asia would do a of good.

Although a large number engineers are now reported be working on these proje the Russians are still cauti about the schedule. The ch engineer, Igor Gerardi, quoted as saying "Our child will complete the job." And a recent progress report, Ra Moscow said construction the main canal and reserv would not start until the 19

Suarez may present reform plan to Cabinet this week

BY ROGER MATTHEWS — MADRID, Sept. 7.

SPAIN'S Prime Minister, Sr. Adolfo Suarez, is understood to be putting the final touches to a programme of constitutional reform for presentation to his Cabinet for approval on Friday. Provided that the Prime Minister's scheme does not run into difficulties within the régime, he will appear on television at the week-end to outline its main proposals.

In spite of the Prime Minister's contacts with opposition leaders, it does not seem that he is taking their views into account on the format for a new constitutional order. Government sources say that he is basically sticking to the scheme drawn up by the first Government of King Juan Carlos, which provided for two Houses of Parliament with roughly equal powers.

In order to defuse Right-wing hostility, Sr. Suarez has apparenty agreed that the Upper House would be largely composed of those people already sitting in the present Cortes, an extremely conservative body which acted as a rubber-stamp parliament during the rule of General Franco.

The Government's proposals will be sent to the Cortes for approval, where they will need a two-thirds majority.

King Juan Carlos held talks this morning with the President of the Cortes, Sr. Torcuato Fernandez Miranda, presumably in an attempt to assess the mood of the chamber. But it cannot be guaranteed that the Cabinet will agree to the proposals at one sitting, especially as the Prime Minister has been increasingly secretive about the details.

Meanwhile, the Government faces mounting demands for regional autonomy and has banned a demonstration called by virtually all political parties in Barcelona on Saturday. In spite of the new law that supposedly gave Spaniards the right to demonstrate and hold meetings, the Government has been refusing permission more often than it has been granting it. Reinforcements of riot police are ready to move into Barcelona if some compromise formula is not found in the next 48 hours. The organisers of the rally had expected at least 150,000 supporters to turn out.

More than 50 neighbourhood associations in Madrid have asked permission to hold a march through the city centre next week, to protest at increases in the price of bread, while in the Basque provinces demands for total political amnesty are expected to culminate in widespread demonstrations at the end of the month.

Reuter reports: Spanish air traffic controllers met Civil Aviation Under-Secretary, Lieutenant-General Arturo Montel Touzet, to-day in a bid to settle the three-week-old dispute that has played havoc with Spanish holiday flights. However, informed sources said there was little hope of a speedy settlement, and airlines again reported delays on incoming flights of several hours.

The sources said the Air Ministry, which employs the controllers, was anxious to resolve the dispute but was unlikely to accept a negotiating commission elected by the controllers to table their complaints.

The controllers have been working to rule to press for better equipment, increased staff and more pay and fringe benefits. Sources close to the controllers said the work-to-rule would go on until the Ministry accepted all their demands.

Munich court hears of arms plan

MUNICH, Sept. 7.

SEVERAL WEST German businessmen have admitted they planned to smuggle arms and military equipment worth $25m. to souther nAfrica from Czechoslovakia, Austria and Switzerland, a West German judicial official said to-day.

Herr Wermer Hempler, chief public prosecutor in the Rhineland spa town of Bad Kreuznach, was briefing reporters on the case of six men and a woman, all West German citizens, arrested last month after federal police had kept them under surveillance for several weeks.

Herr Hempler said it was unclear whether the arms were destined for the South African Government or for one of its opponents.
Reuter

EEC fails to satisfy Turks

ANKARA, Sept. 7.

FOREIGN Minister Ihsan Sabri Caglayangil said to-day Turkey was still not satisfied with proposals from the European Common Market for new trade terms but added that the two sides would go on trying to reach agreement.

He was speaking at the end of a two-day visit by Dutch Foreign Minister Max Van Der Stoel, president of the EEC Council of Ministers, and Sir Christopher Soames, the EEC's foreign trade chief.

The two have been trying to smooth the way for an October meeting to update relations between the Community and Turkey, an EEC associate which plans to become a full market member eventually.

The EEC envoys told a Press conference that in talks with Mr. Caglayangil and Prime Minister Suleyman Demirel they had explained in detail the proposals the market countries intend to put forward at next month's negotiations. Ankara has already expressed dissatisfaction with these terms, which were first presented to it in July. It wants better market access for its agricultural exports and concrete moves towards free movement of the 600,000 Turkish workers in the EEC.

Mr. Caglayangil's remarks suggested the EEC team's visit had done little to mollify the Turks. "Turkey has not found the concessions made by the Common Market to be satisfactory," the Foreign Minister said. "However . . . both parties are striving to reach a better understanding."
Reuter

Soviets reject Bonn offer

FOR the second time in a week, the Soviet Union and its Warsaw Pact allies have turned down an invitation from Bonn to observe military manoeuvres this month in West Germany, diplomatic sources said to-day, Reuter reports from Brussels. In separate replies shortly before the German offer ran out at the week-end, the Warsaw Pact states explained they did not have the appropriate military staff posted in Bonn to attend the exercise.

The manoeuvres, involving Canadian and West German troops in Baden-Wuerttemberg, southern Germany, will last from September 13 to 17. The Germans are disappointed with the refusals but noted that the Warsaw Pact simply ignored a similar invitation last year. One source said the Germans regarded the replies as a modest improvement.

Crop spray suspended

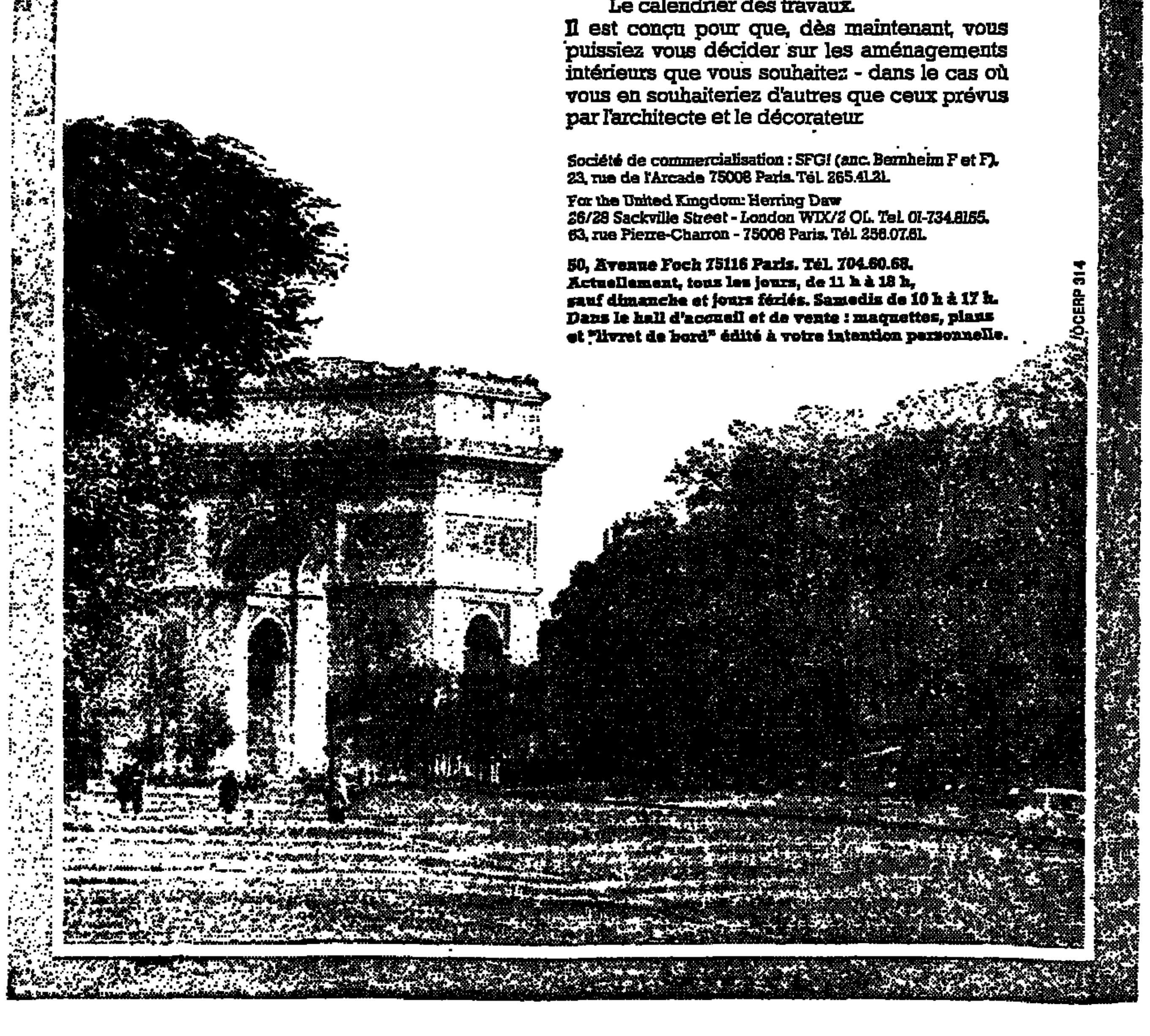
The Schering pharmaceutical company said to-day it was suspending production and marketing of its crop protection spray Fundal because of possible ill effects on workers involved in producing it, Reuter reports from West Berlin. The spray, used primarily against insects on cotton plants, has been exported mostly to the United States, Central America and Japan. It has been on the market since 1967. Schering said that more recent tests have shown symptoms of illness in mice that had been fed with large doses of Fundal.

Porcelain strike

Twelve hundred workers at Copenhagen's Royal Porcelain factory decided by a large majority yesterday to continue an unofficial strike which started on June 17 and is one of the longest strikes in recent Danish history, Hilary Barnes writes from Copenhagen. The strikers have so far been fined a total of Kr.4m. (£370,000) or about £350 each by the Labour Court. They are demanding a basic minimum wage of Kr.31.50 (£2.93) an hour although most of them earn more than this already.

Industrial 'spying'

The Basle chemical company Lonza AG, a division of the Swiss aluminium group, has confirmed that on August 20 it preferred charges against a former employee of its Visp nicotinic acid plant for alleged industrial espionage, John Wicks writes from Zurich. The man, an Italian shift-worker in the plant, was remanded in custody the following day. It is now announced, although it is not yet known whether proceedings will be continued.



Shore hints at 'charter' for council tenants

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A NEW "tenants' charter" for people living in council houses is expected to be among proposals emerging from the Government's review of housing policy, Mr. Peter Shore, Secretary for the Environment, said in Newcastle yesterday.

The Minister also provided another hint that the complex body of statute law now surrounding the private rented sector could be in for a facelift. While not admitting as much in public, the Government has been alarmed at the volume of potential accommodation kept off the market by private landlords because of restrictive provisions of the 1974 Rent Act and some rationalisation and even easing of present regulations may be contemplated.

Outlining Government thinking on some of the areas which the review is now examining, he said he hoped to publish a Green Paper on the review's findings it has been working for two years—by the end of 1976.

On the new charter for council tenants, Mr. Shore said he wanted to see a complete overhaul of the complicated and sometimes unnecessary tenancy regulations with which people had to contend; the long, closely printed list of "do's" and "don'ts" on rent cards were an obvious example.

Greater scope

Mr. Shore said: "It is very difficult to understand the case for having regulations which, for example, require the written permission of the local authority before a tenant may allow his pet to breed or which place on tenants obligations to manure their gardens."

The charter will also seek to encourage tenants to improve their property in the same way as private owners and the present review is looking at ideas which would give them greater scope for improvement work and enable them to recover some of the costs involved if they moved.

On council house sales, the Minister re-emphasised the Government's belief that an extensive sales programme, without any compensating action, could undermine local authority efforts to provide housing for the needy. He emphasised, however, that there would be no objection to sales where the housing stock was more than large enough to meet demand, providing the terms were realistic.

Mr. Shore also stressed that the Government was anxious to promote owner occupation and that it did not think there was any contradiction in a strategy which supported a private and public housing sector.

If in the next 25 years owner occupation grew at only two-thirds the rate recorded in the last 25, 70 per cent. of the nation's housing stock would be privately owned compared with just over 54 per cent. to-day. The review, Mr. Shore added, would look at the possible expansion of low-start mortgage schemes, including the shared equity concept under which combined mortgage and rental payments are made. Plans to enable building societies to lend more on homes in run-down areas and on older properties would also be considered.

Retail sales volume up 2% in July

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE SHARP recovery in spending in shops during July is confirmed by the retail sales and hire purchase figures for the month published yesterday.

The index for the volume of retail sales rose by 2 per cent. in July to 108.3 (1971 = 100, seasonally adjusted), according to the Department of Industry's final figures. This compares with a provisional estimate of 108.

The Department says the figure "indicates a fairly widely-based recovery from the lower levels in May and June."

However, many in the retail trade believe that this pick-up will not be the start of any sustained improvement but may partly reflect the impact of especially successful mid-year sales beyond what is allowed for in the normal seasonal adjustment.

The main advance between June and July came from durable goods shops where the volume of sales rose by 6.7 per cent which is consistent with evidence of aggressive "sales" campaigns during the period.

Otherwise, spending in most types of shops appears to be fairly flat at present, and the Retail Consortium, for example, has said it does not see any indication of a prolonged rise in consumer spending with only temporary flurries caused by special sales and the tax rebates.

The official view has been that the income tax changes and rebates, which came fully into effect last month, should help to sustain consumer spending in the second half at about the level of the first six months. This view is supported by the National Institute forecasts published last week.

Little change in the underlying trend is also suggested by the hire purchase figures which show that advances by finance houses and retailers were £290m. in July, virtually unchanged for the fourth month running.

Over the past three months as a whole, retailers' advances were unchanged on the previous quarter though there was an increase of 7 per cent. in finance houses' lending on the same basis, reflecting in particular the recovery in car registrations.

The volume of total retail sales was little changed in May to July compared with the previous three months, even though this included the high level of trade in April.

HP CREDIT AND RETAIL SALES

Seasonally adjusted

	New credit extended by: Finance Houses £m.	Retailers £m.	Total debt outstanding (unadjusted) £m.	Retail volume (revised) Total (1971=100)	Durable goods shops (1971=100)
1975					
1st	286	425	2,265	111.3	129
2nd	309	450	2,266	108.9	130
3rd	303	445	2,257	105.5	111
4th	303	466	2,320	105.8	112
1976					
1st	343	495	2,297	107.3	118
2nd	385	488	2,363	106.7	121
1976					
Jan.	111	171	2,299	109.8	125
Feb.	111	165	2,296	107.1	121
March	121	159	2,297	105.5	112
April	127	164	2,320	108.5	128
May	126	165	2,356	105.7	117
June	132	159	2,363	106.1	119
July	126	164	2,386	108.3	127

Source: Department of Industry.

Short: North-East needs parity with Scots, Welsh

BY STUART ALEXANDER

A DEMAND that the North-East be given parity with Scotland and Wales in allocation of industrial development agency funds to combat the threat of soaring unemployment was made by Mr. Edward Short, who is MP for Newcastle upon Tyne Central, in Newcastle yesterday.

In his capacity as chairman of the North of England Development Council Mr. Short, main architect of the Government's devolution plans, said that prospects for employment up to 1980 were as bad as they had been since the 1930s. "Unemployment by 1980 could reach 14 per cent. and in certain areas between 20 and 25 per cent." he said, quoting from an NEDC report which calls for the Council's Department of Industry support grant to be raised from £106,000 to £400,000 a year over three years.

Both the North-West Industrial Development Association and the Yorkshire and Humberside Development Association immediately supported the Council's claim and demanded similar treatment for their own areas.

Mr. Short said it was not an English backlash. He did not wish to see the allocations to Scotland or Wales cut, but felt the North-East deserved parity. Contrary to some of his political philosophies, the area must recognise the need to be competitive in the struggle for industrial survival.

There was high dependence on shipbuilding, heavy engineering, steel and coalmining. In all, the number of jobs was declining. Research showed that shipbuilding was the most vulnerable. Based on an EEC forecast of the world market, the next three years might see redundancies in shipbuilding and support industries of between 33,000 and 50,000.

'Catastrophic'

In certain areas this would be catastrophic, particularly on the north bank of the Tyne, where male unemployment might soar to more than 26 per cent.

Heavy engineering could lose 16,500 jobs, steel 6,000 and a variety of industries including chemicals, construction and small companies between 10,000 and 20,000.

Mr. Short said it was the job of the NEDC, which covers the counties of Tyne and Wear, Northumberland, Durham, Cleveland and Cumbria, and not of the National Enterprise Board, to encourage industrial investment and promote abroad the region's existing industries. For this they needed the extra funds.

Mr. John Hobbs, the council's director, admitted that there was little hope in the short term of attracting a large influx of new industry. The council had given greater emphasis to mounting trade missions, planning eight a year.

He emphasised that without the funds he could not compete with the Scottish Development Agency, which had allocated an annual £500,000 to research, surveys and publicity. The figures on unemployment were "unadjusted" and drawn up on the assumption that no action would be taken. But they had been compiled with the close co-operation of local industry.

● Our Dundee correspondent writes: Mr. Bruce Millan, Secretary of State for Scotland, was booed and jeered on arrival and departure when he visited Dundee City Chambers yesterday to discuss the local crisis in employment.

Some 600 National Cash Register workers and 800 building trade workers are faced with redundancy.

After the meeting Lord Provost Charles Farquhar said no real hope had been held out for Dundee. "To say the least I was disappointed. We got nothing. We will fight on if it means lobbying other Cabinet Ministers."

Shipbuilding takeover could lead to tussle over date

BY JOHN WYLES, SHIPPING CORRESPONDENT

CHIEF EXECUTIVES of 39 shipbuilding, repairing and marine engine companies are being called to London later this month for talks aimed at smoothing the way for the creation of British Shipbuilders, the State corporation which will run the companies after nationalisation.

With the Government wanting to complete nationalisation of shipbuilding and aerospace as quickly as possible, there could be a behind-the-scenes tussle over when ownership and control of the companies should be vested in British Shipbuilders.

Ministers are hoping that the nationalisation Bill, due for a second reading in the House of Lords at the end of the month, can receive Royal Assent in November. The British Shipbuilders' organising committee is expected to be pressed to accept a February 1, 1977 vesting date although the committee would prefer April 1 so as to allow more time for preparation.

Assuming the Bill receives Royal Assent, much of the committee's work up to vesting day will be preoccupied with analysing the finances of the 39 companies. Most of them are privately owned and their finances confidential.

Discussion on financial topics is expected to feature prominently at the meeting in London on September 28 when the chief executives will hear a report on the organising committee's work.

The purpose of the meeting is as much to help mould a corporate sense among the disparate companies as to impart information. However, discussion is also expected to include safety and health, research and development and progress in framing a corporate plan for shipbuilding after public ownership.

Ferrous scrap price cut

THE PRICE paid by steelworks for ferrous scrap has been reduced for the third time since May.

The latest drop is about £2 a tonne and pbrings the fall over four months to between £7 and £8, from £45 to between £37 and £38 a tonne.

Ferrous scrap is one of the principal furnace feeds used in steelmaking. About half the steel produced in Britain is made from scrap.

The actual reductions vary according to the grade of scrap and the location of the consuming steel works.

The British Scrap Federation pointed out last night that "the fall in price is in marked contrast to the price of new steel, which has just been increased for the third time this year."

The current weakness of scrap prices has been caused by both the British Steel Corporation and the independent steel producers building up stocks earlier this year in expectations of a sudden surge in demand for steel.

Yarrow given £30m. Defence contract

By John Wyles

YARROW (Shipbuilders) on the Upper Clyde has been awarded a £30m. Ministry of Defence contract for a third Royal Navy Type 22 frigate. Soon to be nationalised, Yarrow is already building the first two ships of this class, Broadsword and Battleaxe, and the latest order will guarantee jobs for 700 workers over the next three years or so.

Optimism at Cunard on MFC

By John Wyles,

CUNARD Steam Ship Company claimed last night that, after a day of talks with creditors of Maritime Fruit Carriers, it was "very much more confident" of successfully acquiring the Israeli-American company's 13 U.K. registered refrigerated cargo ships.

This strong note of optimism came from Mr. Bill Slater, Cunard's managing director, and coincided with the second forced sale in seven days of a Maritime Israeli-flag vessel. It was reported in Japan that United Brands, a major American fruit shipping company, had bought the Lemoncore. The price was understood to be $4.7m. (£2.64m.).

The ship had been arrested on behalf of Bankers Trust, first mortgagee on the vessel, which was also responsible for the forced sale in London last week for $4.9m. of the Mangocore. A further two Israeli-flag ships, the Sabracore and the Bananacore, are being brought under the hammer by Bankers Trust in Japan next Tuesday.

Fresh from its court success on Monday in postponing the sale of Maritime's British-flag vessel, the Orchidea, Cunard yesterday had exchanges with a number of the company's main creditors including the Danish Shipbuilding Credit Foundation, Marine Midland Bank, Barclays Bank and the Department of Industry which is responsible for Government guarantees on five of the ships included in the deal with Maritime.

"We are making some considerable progress and are now very much more confident of our ultimate success," said Mr. Slater last night.

Nevertheless, it may be several weeks before Cunard has completed negotiations with Maritime's main creditors to secure control of all 13 vessels.

Unilever to close meat factory at Hayes

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE LOSS-MAKING Unilever subsidiary, Walls Meat, is closing its factory at Hayes, Middlesex, making about 580 people redundant. A further 320 people will lose their jobs in the company's catering and administrative departments as aprt of the re-organisation of the company, which started last year with the closure of another of Wall's meat factories in London.

Production of the Hayes factory, mainly cured meat products and pies, will be transferred to the company's plants a Godley in Cheshire and Southall in Middlesex. The Southall plant, in which Walls invested £4m. last year, is now the company's only factory in the London area.

At the same time Walls is ending its specialist delivery service to the catering trade. The caterers will be serviced by the retail delivery network.

The announcement of the closure comes only two weeks after Mr. Bill Newton Clare, chairman of the Bacon and Meat Manufacturers' Association, said that Britain's meat processors were being "throttled" by foreign competitors subsidised by the EEC. In the past 18 months, he said, investment had come to a standstill and up to 15 per cent. of the industry's workforce had been made redundant. Unless something was done to help, the industry would be unable to survive in its present form, he warned.

Walls Meat, however, has been having problems for some time. The last Unilever annual report said it was making "heavy losses." Major manufacturing and distribution economies were being achieved, but the cost of reorganisation outweighed these in the short term.

Mr. Dan Angel, chairman of Walls Meat, said yesterday that the problems created by the presence of EEC-subsidised products in this country had added to the company's problems. But that was only one of a "white raft of" factors which had contributed to the decision to close Hayes. The company had to reduce its costs. It was painful but inevitable.

When the Hayes closure is complete, Walls Meat will be left with four U.K. factories and a workforce of around 6,000 people. Responsibility for one of the four, a canning plant, is shortly to be transferred to Mattesons, Unilever's meat-processing subsidiary active in the canning field.

Unionists walk out of power-sharing talks

BY KEVIN DONE IN BELFAST

THE OFFICIAL Unionist Party in Ulster has abandoned its talks with the Social Democratic and Labour Party on power-sharing, and has placed much of the blame for its walk-out on the British Government.

The decision to end the series of meetings has come as a complete surprise to the SDLP, which was under the impression that the next session of talks was still due to be held tomorrow. The talks between the two sides were one of the few positive survivals from the Northern Ireland Convention, which collapsed earlier this year.

The SDLP leaders at the talks, Mr. John Hume and Mr. Paddy Devlin, who have attended all 11 meetings with the Unionists, clearly found the talks to have been a more productive forum than the ill-fated Convention. Mr. Hume insisted yesterday that they had always been very friendly, and had been conducted in a "much better atmosphere than ever before."

The Unionists reached their decision to withdraw at an executive meeting at the week-end. The break-up of the talks has been welcomed by the more extreme members of the United Ulster Unionist Coalition, who had opposed the meetings since they were first made public by the Rev. Ian Paisley last June.

No immediate water crisis in Southern England

BY DONALD MACLEAN

ESSENTIAL water supplies should be available in Southern England for the foreseeable future, Mr. Denis Howell, the drought Minister, and Mr. Neil Clark, chairman of the Water Management Committee of the Southern Water Authority, said in a joint statement yesterday when Mr. Howell visited the Brighton and Worthing area monitoring station at Falmer.

The region was more fortunate than most because 70 per cent. of its supplies came from underground sources, while consumption in various areas had been cut by 25 per cent. or more.

But Mr. Howell warned: "No one must give up saving water just because of one or two days' rain."

He spoke as the South-West Water Authority confirmed that parts of Barnstaple, Bideford and Ilfracombe, in North Devon, were to have domestic water cut off indefinitely from next Wednesday. Families affected will have to get supplies from stand pipes erected over the past few weeks.

Other towns and villages in north and central Devon are to follow suit. By September 18, about 20,000 households in the region will be rationed—their only water coming from 1,600 standpipes. In general it is aimed to have one standpipe to 20 properties in the mor eclosely-knit communities. The more scattered will be treated differently.

The North-West Water Authority is to seek Ministerial sanction to obtain more water from Lakes Windermere and Ullswater.

Mr. John Morris, Secretary for Wales, undertook a fact-finding tour of South-East Wales yesterday. It included a visit to an old iron mine at Llanharry from which water is being pumped to boost supplies to Llantrisant.

● Extra water may be available for public supplies from the National Coal Board, the NCB said yesterday. Coal mines traditionally sell part of the water they pump out of mines.

● A ban on bonfire night celebrations, apart from organised parties, is being sought by Mr. Robin Corbett, Labour MP for Hemel Hempstead, because of the fire risk.

Farm incomes cut Page 43

Fraud Squad clears Fund

ALLEGATIONS that large sums of money disappeared from the Bangladesh Fund, the operation set up by Mr. John Stonehouse, have proved unfounded. The inquiries carried out by the Fraud Squad have not produced evidence that any criminal offence has been committed, and the file has been returned to the Director of Public Prosecutions.

HOME NEWS

Concorde 'will pass U.S. noise tests'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT FARNBOROUGH, Sept. 7.

CONCORDE'S PERFORMANCE in flights to and from Washington across the North Atlantic is encouraging the U.S Federal Aviation Administration to believe that the aircraft will eventually be allowed to fly into all U.S. airports on a permanent basis, including Kennedy Airport New York.

Dr. John L. McLucas, the administrator of the FAA, said at the Farnborough Air Show yesterday that the tests on Concorde's noise and pollution at Dulles Airport, Washington, since services began last May were already bearing out the predictions made in the Environmental Impact statement published by the FAA earlier this year.

The noise levels generally were lower than many had feared and the volume of complaints was also considerably lower—there had been not more than about 200 since the services began.

If this continued during the rest of the 16 months trial period which began on May 24, Dr. McLucas thought there would be little difficulty in Concorde eventually winning permanent rights for flights into the U.S.

He also thought that Concorde would eventually win the right to land at Kennedy New York within the next two to three months, despite the present six-months ban imposed on the aircraft by the Port of New York Authority.

Authority

As already announced, British Airways and Air France have postponed until January their legal action against the Port of New York Authority aimed at getting this ban rescinded, and it is believed that before the action is resumed Concorde will have been given permission to operate into Kennedy.

Dr. McLucas based this view on the good progress that the aircraft is making in both environmental and passenger acceptability terms on the flights to and from Washington. He also made it clear, however, that in his view the FAA itself had ultimate constitutional authority in determining what types of aircraft should be allowed to land at U.S. airports.

It was also revealed at Farnborough yesterday that the U.K. aerospace industry is on the verge of substantial new U.S. orders for the Hawker Siddeley Harrier jump-jet fighter.

Lieut.-General Thomas H. Miller, the deputy Chief of Staff for aviation in the U.S. Marine Corps, made it clear that the Marines were planning to buy a further 340 Harriers beyond the 110 already on order (of which the majority have been delivered).

This deal, which could be worth several hundred million pounds to the U.K. was still subject to both final Congressional approval and the completion of satisfactory trials with modified versions of the Harrier.

The Marine Corps currently uses the AV8A version of the aircraft and the model it is now interested in is the AV8B, with considerable improvements to give it a better performance and weapons carrying capability.

The U.S. Navy is also showing increasing interest in the Harrier. So far, however, it has taken no firm decision to buy, and it is believed to be waiting to see how the improved version for the Marine Corps develops before committing itself. But any Navy order could be substantial, probably amounting to considerably more aircraft than those wanted by the Marine Corps.

No hurry for the next supersonic projects

THE POSSIBILITY of the development of a second generation supersonic airliner has been one of the significant topics under discussion at the Farnborough air show this year.

While most authorities in the aerospace industries on both sides of the Atlantic are convinced that supersonic civil aviation is here to stay, and that there will be a second generation supersonic airliner, all are agreed that this is a very long-term development, and that such an aeroplane is not likely to emerge for at least the next ten to 15 years—largely because of the extremely high cost of developing it.

For this reason, also, the venture is likely to be a collaboration between manufacturers in the U.K., Europe and the U.S.

In the U.S., Boeing and McDonnell Douglas have been maintaining their studies on supersonic airlines, both on a private venture basis and with the assistance of small cash contracts from the National Aeronautics and Space Administration. These manufacturers have also maintained links with the Concorde builders, British Aircraft Corporation and Aerospatiale of France and there is now an almost continuous exchange of information on supersonic transports.

But, until Concorde has fully bedded itself into the air transport system, and has shown that it can make money, no company or Government is likely to embark upon a second-generation supersonic aircraft and no airline is likely to want to buy one.

Shelter fights housebuilding cuts

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

SHELTER launches a campaign to-day to reverse the recent cuts in public housing expenditure.

A report is being sent to Ministers, MPs and local councillors, claiming that serious housing shortages exist in every district of England and that further spending cuts can only worsen the situation.

The report is based on a survey of local authority building records, overcrowding and waiting list information carried out since the Government-imposed controls on housebuilding.

It says that 1.14m. households are registered on housing waiting lists, with the longest waiting periods in the Metropolitan areas. In addition, many areas with "superficially low housing stress" actually have long waiting lists—such as Humberside, Lincolnshire and Nottinghamshire.

The report says that its findings prove that the concept of a "non-stress" area is, therefore, "false, arbitrary and harmful."

Banks 'to keep out of equity finance'

BY MICHAEL BLANDEN

THE BIG banks are unlikely to make a large investment in equity shares in industry, Mr. Deryk Weyer, the senior general manager of Barclays Bank, said yesterday.

In a paper at the Institute of Bankers' Cambridge seminar on "The Banks and Industry," Mr. Weyer argued there was no evidence of a need for the major banks to enter massively into the industrial equity market. Rather, there were "good democratic reasons why a bank-dominated market is not attractive." For it would make for "lock-ups" and less mobility of capital flows.

"Equity investment and lending banking also are quite different skills, just as lending banking and the organisation of corporate finance require different talents."

While rejecting large-scale equity finance, however, Mr. Weyer foresaw other major changes in the character of bank operations. These would include a decline in the overdraft, though it would not disappear, with the development of more complex medium-term lending business.

Spread thinly

That might mean that the banks would need to recruit more industrial specialists, particularly in relation to "off-balance sheet" project financing. The problem for the clearing banks was that their business was so extensive that the services of any industrial specialist would be spread very thinly unless they recruited a huge team.

The nature of the bank branch networks might change, with more specialisation and better organisation in the clearing banks to attack the large corporate field. A two-tier interest rate structure might emerge, with rates linked to the inter-bank market for large businesses and to bank base rates for the small businesses.

The major banks would be able to rely less than in the past on their large volume of retail deposits, because of the competition they faced from building societies, the Trustee Savings Banks, the Co-op Bank and the National Giro.

LABOUR EXECUTIVE ISSUES PAPER ON FINANCIAL SYSTEM

Call to nationalise big four banks and top seven insurance groups

BY RICHARD EVANS, LOBBY EDITOR

A MAJOR public stake in the U.K.'s financial system, including the nationalisation of the big four clearing banks, a merchant bank and the top seven insurance companies, is proposed in a Labour Party National Executive policy statement published yesterday.

The statement, which will be submitted for approval at the party conference later this month, recommends reform of the Bank of England, the creation of a publicly controlled investment reserve fund and the integration of the existing publicly owned sections of the financial system.

The wide-ranging and controversial recommendations are based on a study of the banking systems in France, West Germany, Japan and elsewhere.

They assume that Britain's poor record of economic growth is caused largely by the country's poor investment record and the part played by the major banks and investment houses.

The committee is convinced that public authorities in the U.K. must become as involved in banking and insurance as are their counterparts in France and many other leading industrial nations.

Property ventures

"A major extension of public ownership in these fields could facilitate a significant improvement in services to customers . . . without necessitating a total monopoly approach," the document says.

It would also provide the instruments the British economy needed for ensuring that the financial and industrial systems operated in harmony by ensuring that savers' funds went to support the industrial investment on which jobs and real incomes depended in the long term "instead of being syphoned off into speculative property ventures."

The main recommendations are:—

1. Banking: The big four clearing banks (Barclays, Lloyds, Midland and National Westminster) should be taken into public ownership, together with an (unnamed) merchant bank. The separate identities of the clearing banks would be maintained in order not to disrupt working arrangements.

The banks would be placed under the control of the Bank of England, which would act as a holding company and plan the provision of bank finance to industry.

The policy statement on Banking and Finance forms an integral part of "Labour's Programme, 1976" and will be voted on at Labour's party conference at Blackpool in the same way as the rest of the document.

In a foreword, Mr. Ron Hayward, party general secretary, says that the National Executive Committee "commends" the statement to conference. If it receives the necessary two-thirds majority, as seems probable, it will then become official party policy.

The next important stage will be the preparation of the party's General Election manifesto by a special committee representing the NEC, the Cabinet and the Parliamentary Labour Party.

The Left will press for inclusion of the banking statement in full in the manifesto, but moderates, including many Cabinet Ministers, will argue for a much less specific party commitment.

The statement was drawn up by the NEC's Home Policy Committee under the chairmanship of Mr. Anthony Wedgwood Benn, Secretary for Energy, with the help of the party's banking and insurance study group under Mr. Ian Mikardo, and Mr. Geoffrey Bish, head of research at Transport House.

Premium income

2. Insurance: The top seven insurance companies (Commercial Union, Royal, Prudential, Guardina Royal Exchange, General Accident, Sun Alliance and London, and Legal and General) should be taken into public ownership and placed under the control of a reformed Bank of England.

This would establish control over more than half of total premium income and over two-thirds of British insurance companies' general funds. It would also bring a substantial part of motor insurance into the public sector.

3—Reform of the Bank of England: A "distinct break" must be made in the role played by the Bank. In future its enormous resources must be brought to bear in support of the Government's industrial strategy as well as its overall economic policy.

The Bank should be given responsibility for the Investment Reserve Fund Scheme, for the publicly-owned sections of banking and insurance, and for planning the provision of finance to industry.

A special division or agency of the Bank should be established to assist further in channelling funds from private sector financial institutions to industry. Through this, bodies such as pension funds could invest long-term funds (backed by Government guarantee), possibly through the purchase of special bonds issued for this purpose by the Bank. However, private sector institutions should not be obliged to invest in such bonds.

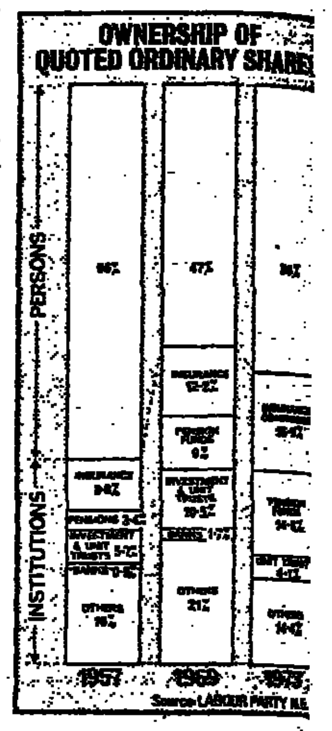
Two sectors would thus be created within the financial system: one publicly-owned and able to exert a decisive influence over the channelling of funds to industrial investment; the other privately owned, and filling a subordinate, but still crucial role in controlling the flow of funds within the economy.

4—An Investment Reserve Fund: Companies should be encouraged to plough a proportion of their funds into an investment reserve fund releases from which would be supervised by the reformed Bank of England and conditional on being devoted to productive investment. This could involve Category I companies with large blocked balances earning no interest at all and available only for investment agreed through the Planning Agreements System.

5. Integration of the existing public sector: The National Savings Bank and the National Giro, both of which attract funds through Post Office branches, should be combined with the Paymaster-General's office to form a major State bank. The possibility that the Trustee Savings Banks might also participate should be considered.

Thet report also criticises the performance of the Stock Exchange and says that a question mark hangs over its roles as a source of new risk capital and as a market in existing securities. In recent years it had "degenerated to barely even a marginal source of new funds."

Clearly, the financial institutions wielded a massive amount of financial power, which [...] reflected in the details of own[...]ship of industry. Estimates [...] the proportion of U.K.-quo[...] Ordinary shares owned by [...] institutions and by persons i[...]cated a marked decline in dir[...] share ownership by individu[...] with institutional holdi[...] roughly doubling over the p[...] 20 years.



The document argues that [...] investment expansion Brit[...] desperately needs is too imp[...]tant to be left to businessm[...] and financiers alone. [...] economic strategy was need[...] based on the understanding t[...] the heart of Britain's weakn[...] lay in its comparatively p[...] record of investment, especia[...] in manufacturing industry.

This had grown anaemic a[...] needed a major transfusion [...] double the rate of manufacturi[...] investment over the next deca[...] —the target that must be set.

Companies had to look to o[...]side sources such as the ba[...] and other financial institutio[...] for a larger proportion of t[...] long-term funds they required, [...] did their major European a[...] Japanese campetitors.

"Banking and Finance." statement by the NEC present[...] to the Labour Party annual co[...]ference, Blackpool, 1976. 30p.

هكذا من الأصل

Entertainment Guide

OPERA AND BALLET

COLISEUM. (01-836 3161.) ENGLISH NATIONAL OPERA Tonight. Sat. & Tue. 7.30 Don Giovanni; Tomor 7.30 The Coronation of Poppea; Fri. 7.30 Tosca.

COLLEGIATE (Euston). 387 9629. Until Sept 14. Evgs 8.30. Mat Sat. 5.30 (No perf Thurs.) ONDEKOZA—Demon Drums (Japan) 17 mus., sing., dancers

ROYAL FESTIVAL HALL. 928 3191. FULLY AIR CONDITIONED. Last perfs LONDON FESTIVAL BALLET Until Fri. Evgs. 7.30 Noir et Blanc. The Sanguine Fan. Graduation Ball

SADLER'S WELLS TH Rosebery Ave. EC1. 837 1672. Until Sept. 25. Evgs. 7.30. ENGLISH MUSIC THEATRE CO. Ton't & Fri. The Threepenny Opera; Thu. & Mon. The Turn of the Screw; Sat. & Tue. Tom Jones.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Sats 5.30 & 8.30. Thur. 3.0 IRENE "LONDON'S BEST NIGHT OUT SPECTACLE, CAPTIVATING TUNES AND RACY COMEDY." People IRENE "SLICK, SUMPTUOUS—THE MUSICAL IRENE HAS EVERYTHING." D. Express IRENE "WILL TAKE LONDON BY STORM." News of the World. NOW BOOKING TO MARCH 1977.

ALBERY. 836 3878 Evenings at 8.0 Mats. Thurs. 3. Sat. 5 and 8.15 sharp National Theatre Production COLIN BLAKELY in EQUUS by PETER SHAFFER Directed by John Dexter "STUNNING and COMPELLING." Std.

ALDWYCH. 836 6404. Inf. 836 5332. Royal Shakespeare Company in Chekhov's IVANOV (Tonight 7.30. Next perf. Sept. 13). In repertoire with Bernard Shaw's THE DEVIL'S DISCIPLE "This triumphant revival is played by a flawless cast." Daily Express. (Tmr & Fri. 7.30. Sat. 2.0 & 7.30.

AMBASSADORS. 836 1171. Evgs 8.00. Mat. Tues. 2.30. Sat 5.30. 8.30 HAPPY AS A SANDBAG 2nd Year of Delightful Hit Musical. "Wonderful Don't miss it." D. Exp Combined ticket, top price seat, 3-course meal inc. VAT and Service £6.00.

APOLLO. 01-437 2663. Evgs. 8.00 Mat. Thur 3.00 Sat. 5.30 and 8.30 Pauline COLLINS. John ALDERTON "ARE BRILLIANT." D. Exp in CONFUSIONS "Super Alan Ayckbourn gives audience such wonderful evening." Sun. Times.

ARTS THEATRE. Mon. to Thurs at 8.30 Friday and Saturday 7.00 and 9.15 TOM STOPPARD'S DIRTY LINEN "Hilarious . . . see it." Sunday Times.

CAMBRIDGE. 01-836 6056. Evgs. 8.0. Mat Wed. 3.0. Sat. 4.30 and 8.0. ONLY TWO MORE WEEKS JANET SUZMAN. NIGEL DAVENPORT. JUNE RITCHIE. ANGELA DOWN. PETER EYRE. SUSAN ENGEL. JOHN SHRAPNEL. PETER BAYLISS. ESMOND KNIGHT in JONATHAN MILLER'S production of THREE SISTERS "A glorious evening." Irving Wardle. Times. "Simply, clearly, absolutely perfect—a matchless evening from a faultless cast." Jack Tinker. Daily Mail.

CHICHESTER. 0243 86333. Tonight & Sept. 9, 11 at 7.00 MONSIEUR PERRICHON'S TRAVELS. Sept. 9, 11 at 2.0. Sept. 10 at 7.0 THE CIRCLE.

COMEDY. 930 2578. Evenings 8.0 Sats 5.30 and 8.15 Mat Thur. 3 "THE THRILLER THAT REALLY THRILLS." H. Hobson. S. Times. "The excellent cast." E. News. BARRY FOSTER ANTHONY BATE HILDEGARD NEIL ERNEST CLARK GETTING AWAY WITH MURDER by J. Lee Thompson

CRITERION. 930 3216. Air Conditioned. Evgs. 8 Mats. Thurs. 3. Sat. 5.30. 8.30. ALEC McCOWEN MICHAEL BRYANT JUDY PARFITT. ANNETTE CROSBIE in THE FAMILY DANCE by Felicity Browne "Very funny, perfect entertainment." S.T.

DRURY LANE. 01-836 8108. Evenings 8 sharp. Matinees Wed and Sat 3.0. A CHORUS LINE "A RARE, DEVASTATING JOYOUS, ASTONISHING STUNNER." S. Times

DUCHESS. 836 8243 Evenings 8.00. Fri. Sat. 6.15 and 9. OH! CALCUTTA! NOW IN ITS 7th YEAR "Breathtakingly Beautiful." S. Tel "The Nudity is Stunning." D. Tel

DUKE OF YORK'S. 01-836 5122. For a Limited Season Evenings 8.0 Matinee Wed 2.30. Sat 5.15 8.30 ALAN BATES in THE SEAGULL "This Seagull made my summer." Jack Tinker. Daily Mail. "An intelligent and touching revival." Eric Shorter Daily Telegraph Combined ticket top price seat. 3-course meal inc VAT and Service £6. A BEDFUL OF FOREIGNERS transfers here from Victoria Palace Oct. 4

FORTUNE 836 2238. Mon.-Fri. at 8 Sat. 5 and 8. Thur. 3. Avril ANGERS. Derek BOND in AGATHA CHRISTIE'S MURDER AT THE VICARAGE 2nd GREAT YEAR

GARRICK THEATRE. 01-836 4601. Evenings 8. Fri., Sat 5.30 and 8.30. RICHARD BECKINSALE is "side-splittingly funny" (Daily Mail) in FUNNY PECULIAR "Mike Stott's exceptional fine vastly entertaining, brilliant comedy" S. Times. "More good laughs than any other play in London." Observer

GLOBE. 01-437 1592. Evgs. 8.15. Mat Wed. 3.0. Sat 6.0 and 8.40. PETER BARKWORTH PETER JEFFREY and "PENELOPE KEITH, the funniest woman in the West End" Guardian. DONKEY'S YEARS "MICHAEL FRAYN'S delightful comedy." Evening Standard. "Two hours of bubbling laughter" Daily Mirror.

HER MAJESTY'S. 930 6606 Evgs. at 8. Fridays and Saturdays 5.45 and 8.30. IPI TOMBI "PULSATING MUSICAL." Evg. News. Seats £1.50p.

HAYMARKET. 930 9832 Evenings 8.00 Mat Wed 2.30. Sat. 5.00 and 8.15 Edward Woodward Geraldine McEwan Stephanie Beacham Geoffrey Palmer in Frederick Lonsdale's ON APPROVAL "You should rush to see it." Daily Tel "It got my approval." Evening News. "An evening of comic delight" Harold Hobson. Sunday Times

JEANETTA COCHRANE. 242 7040 Southampton Row W.C.1. Evenings 7.30 Until Sept. 11 National Youth Theatre in STAG NIGHT by Willis Hall

KING'S ROAD THEATRE. 352 7488. Mon. to Thur 9.0 Fri., Sat. 7.30 9.30. THE ROCKY HORROR SHOW BEST MUSICAL OF THE YEAR "Impossible to overpraise." Punch. NOW IN ITS 4th ROCKING YEAR.

LYRIC. 01-437 3686. Evenings 8.00. Mat. Wed. 3.0. Sat. 5.0 and 8.30. SHEILA HANCOCK. JOHN MOFFATT in THE BED BEFORE YESTERDAY A Comedy by BEN TRAVERS "STILL THE FUNNIEST COMEDY IN LONDON." Daily Mail.

LYTTELTON (new National Theatre) 928 2252 Ton't. 7.45 tomor. 2.30 & 7.45 WEAPONS OF HAPPINESS by Howard Brenton: Fri. 7.45. Sat. 2.30 & 7.45 Plunder Over 100 excellent £1 seats on sale day of perf. from 8.30 a.m.

MAY FAIR. 629 3036. Fully air-cond. Evenings 8.15. Sat. 6.0 and 9.0. LIBBY MORRIS In her musical revue JUST LIBBY "I recommend a gal who's got it." Mail. Seats from 30p Dinner-Show £6.30 SEASON ENDS SEPTEMBER 11.

MERMAID. 248 7656. Food 248 2835 Evenings 8.15. Mat. Sat. 5.00. THE WORST OF KENNETH ROBINSON "We howled with delight." E. Standard.

NATIONAL THEATRE. See under LYTTELTON AND YOUNG VIC.

NEW LONDON. Drury Lane. 01-405 0072 FULLY AIR CONDITIONED Evenings 8.0. Fri., Sat. 6.0. 8.45. BRIAN PROTHEROE LEAVE HIM TO HEAVEN "A MARVELLOUS MUSICAL." S. Times. "Fantastic. Wonderful. Superb." D. Mail.

OLD VIC. 928 7616. Evs. 7.30. Sat 2.30 "Glenda Jackson is superb." Ev. News. THE WHITE DEVIL Run extended to October 2.

PALACE. 01-437 6834. Mon.-Thur. 8.0 Fri., Sat. 6.00 8.40. JESUS CHRIST SUPERSTAR

PHOENIX THEATRE. 01-836 8611. Opening September 30 CARTE BLANCHE A Sexual Adventure in Words & Music Previews from Sept. 20. Evenings 8.15 Fri., Sat. 5.45 & 8.45.

PICCADILLY. 437 4506 Mon. to Fri. 8.0. Sat 5.30 and 8.30. Jerome Kern's hit musical VERY GOOD EDDIE "LOVELY to look at. DELIGHTFUL to hear and HEAVEN to watch." D. Exp "Absolutely enchanting. I really loved it." N.Y. Times. AIR-CONDITIONED.

PRINCE OF WALES. 01-930 8681. Mon.-Thur. 8.00. Fri., Sat. 5.30. 8.30. MARDI GRAS "Brilliant. Most exciting musical." Sun. Times. LAST 2 WEEKS.

QUEEN'S. 01-734 1166. Evenings 8.00. Mat. Thurs 3.0. Sats. 5.30 and 8.30. Winner of all awards of BEST PLAY OF THE YEAR Michael GAMBON in Simon GRAY'S OTHERWISE ENGAGED Directed by HAROLD PINTER

RAYMOND REVUEBAR THEATRE. 734 1593 At 7. 9. 11 p.m. (Open Suns.) PAUL RAYMOND presents THE FESTIVAL OF EROTICA '76 FULLY AIR CONDITIONED — You may drink and smoke in the Auditorium

REGENT. 323 2707 Evenings 8.30. Friday and Saturday 7.0 and 9.15. THIRD ECSTATIC YEAR! NEW CAST! NEW EXCITEMENT! LET MY PEOPLE COME AN ADULT MUSICAL "Never a dull moment." Evening News. 100 tickets held for sale at door.

ROUNDHOUSE. 01-267 2564. From Tonight 'til Sept. 24. Evgs. 8. LA GRANDE EUGENE SPECIAL RETURN SEASON 16 Performances Prior to World Tour

ROUNDHOUSE DOWNSTAIRS. 267 2564 'Til Sat. Eve 7.30. Edinburgh Festival Fringe Award Winner TEA WITH DICK & JERRY (Tkts. £1.20) 'Til Sat Eve. 9 CHRIS LANGHAM'S ONE MAN SHOW "One-man triumph" Scotsman. (Tickets £1.20).

ROYAL COURT. 730 1745. Last week. Evenings at 9.00. Sats. 6.30 and 9.00 T. ZEE A New Musical by Richard O'Brien. "One hell of a show." Daily Mirror. "ELECTRIFYING." Daily Mail. SEE ALSO THEATRE UPSTAIRS.

ST. GEORGE'S. 01-609 1198. 49. Tufnell Park Road, Islington, N.7. (Tufnell Park Tube) Evenings 7.30. Matinee Saturday 2.30. Tonight and Sept. 16, 17, 18: PETER McENERY. SARAH BADEL in ROMEO AND JULIET September 9, 10, 11 ERIC PORTER. LYNN FARLEIGH in TWELFTH NIGHT Sept. 13, 14 (15 mat), 22 to 25: ALAN BADEL in RICHARD III

SAVOY. 836 8888. Evenings at 8.00 Sat. 5 and 8. Matinees Wed 2.30. ROBERT MORLEY. GEORGE COLE in BEN TRAVERS BANANA RIDGE "HILARIOUS SUCCESS." D. Tel.

SHAW. 01-388 1394. Opens tnt. 7.0 Subs. 7.0. Mats. Thur., Fri. 2.30 National Youth Theatre in CORIOLANUS

ST. MARTIN'S. 836 1443. Evenings 8.0. Mats. Tues. at 2.45. Sats. 5.0 and 8.0. AGATHA CHRISTIE'S THE MOUSETRAP World's longest-ever run. 24th Year.

STRAND. 01-836 2660. Evenings 8.00 Mat Thurs. 3.00. Sats. 5.30 and 8.30. Doris Hare. McDonald Hobley Arthur Howard. Barry McGinn NO SEX PLEASE —WE'RE BRITISH Directed by Allan Davis SIX HYSTERICAL YEARS

TALK OF THE TOWN. 01-734 5051 FULLY AIR-CONDITIONED From 8.15. Dining and Dancing. At 9.30 Revue SWEET TEMPTATION and at 11 p.m. KAMAHL

THEATRE UPSTAIRS. 730 2554. Evgs. 8.15 JUST A LITTLE BIT LESS THAN NORMAL by Nigel Baldwin

VAUDEVILLE. 01-836 9988. Evgs 8.0. Mats. Tues. 2.45. Sat 5.0 and 8.15. GERALD HARPER HANNAH GORDON UNA STUBBS PRUNELLA GEE in BAGGAGE "WITTY AND VERY FUNNY." E. News THEATRE AIR-CONDITIONED

VICTORIA PALACE. 01-834 1317 Evenings 8.00 Wed. Sat. 6.00 and 8.45 TERRY SCOTT JUNE WHITFIELD A BEDFULL OF FOREIGNERS "GENUINELY HILARIOUS." Gdn Dinner and best stall £4 inc. (Mon.-Th.) Transfers Duke of York's Oct. 4

WHITEHALL. 930 6692-7765. Evgs 8. Sats 6 and 8.45. Mats. Wed. 3. BRIAN RIX "MARVELLOUSLY COMIC." E.N Terence ALEXANDER Jane DOWNS FRINGE BENEFITS "You laugh until you are ill." Gdn Combined ticket £5.30, top-price seat 3-course meal incl. VAT & Service.

WINDMILL THEATRE. 437 6312 Twice Nightly at 8.0 and 10.0 PAUL RAYMOND presents RIP OFF THE EROTIC EXPERIENCE OF THE MODERN ERA An entire French production You may drink and smoke in the Auditorium "Takes to unprecedented limits what is permissible on our stage." Evening News.

WYNDHAM'S. 836 3028. Evenings 8 Saturday 5.15 and 8.30. Millicent Martin. Julia McKenzie David Kernan. Ned Sherrin in SIDE BY SIDE BY SONDHEIM "If you are planning to spend one evening in the musical theatre this year I urgently suggest you make it Side by Side by Sondheim. If you are planning to spend two GO TWICE . . ." Punch

YOUNG VIC. 928 6363. National Theatre Summer Season. Opens Fri. 7. Sat & Mon 8. THEY ARE DYING OUT by Peter Handkee (seats 75p) Tues. 7.30 Troilus & Cressida (seats £1.25) Some seats held for sale, day of performance

CINEMAS

ABC 1 & 2 Shaftesbury Ave. 836 8861 Sep. Perfs All Seats Bookable. 1: THE OUTLAW JOSEY WALES (AA). Wk. & Sun 2.00 5.15. 8.15. 2: ALL THE PRESIDENT'S MEN (AA). Wk. & Sun. 2.00 5.15. 8.20. (Last day)

CASINO. 01-437 6877. LAST DAY! THE MESSAGE (A) Sep perfs 4.10 7.55. (Circle bookable evening perfs.)

CURZON. Curzon St., W.1 499 3737. THE MESSAGE (A). (Arabic Dialogue). Film daily at 2.30 and 7.00 Limited Season Fully air conditioned.

EMPIRE. Leicester Square 437 1234. All seats may be booked at the box office or by post. FAMILY PLOT (A) Sep. perfs. progs daily 2.30 (not bookable). 5.30. 8.30 Fully refrigerated air-ditioning.

LEICESTER SQUARE THEATRE. 930 5252. Neil Simon's Comedy MURDER BY DEATH (A). Sep. progs. Dly. 2.30. 5.30. 8.30. Seats bkble at theatre or by post for 8.30 prog. Mon.-Fri. and for progs. Sat & Sun. Fully air-conditioned.

ODEON HAYMARKET. 930 2738-2771 TAXI DRIVER (X). Sep. progs. Dly. 1.30. 4.45. 8.15. Ft times Mon.-Suns. inc. 2.05. 5.20 8.50 All seats may be booked

ODEON LEICESTER SQUARE. 930 6111. HARRY AND WALTER GO TO NEW YORK (U). Sep. progs daily 2.55. 5.40 8.35

ODEON MARBLE ARCH. 723 2011-2. BUGSY MALONE (U). There's Never Ever Been a Movie Like It. Sep. progs. Wk. 2.30. 5.30. 8.30 All seats may be booked.

PLAZA 1 & 2. Lower Regent Street. SW1. 437 1234 Sep. perfs. All seats bookable Evg. perf Box Office 11 a.m. to 7 p.m. (not Suns.). No phone bookings 1. THE MESSAGE (A) Weekdays 2.30. 7.3 2. THE TENANT (X). Progs wkdays 1.30 3.45 6.10 8.35.

PRINCE CHARLES Leic. Sq. 437 8181. 2nd Year. The Dom an Only Original EMMANUELLE (X). Sep. Perfs Dly. inc. Sun 2.45. 6.15 9.00. Late Show Fri. & Sat 11.45 Seats Bkble. Lic'd Bar

SCENE 1, 2, 3, 4. LEIC. SQ. (WARDOUR ST.) 439 4470. SCENE 1. Cont. Perfs Dly 12.30. Late Show Fri. & Sat. 11.55. Redford Hoffman ALL THE PRESIDENT'S MEN (AA). Progs. 12.30 2.55 5.55 8.55 Late Show Fri. & Sat. 11.55 SCENE 2. Cont Perfs Dly 12.50 Lte Show Fri. & Sat. 10.55 FREEBIE AND THE BEAN (X) 12.50 4.50 8.45. ENTER THE DRAGON (X) 3.00 6.55 Lt. Show Fri & Sat 10.55 Final Wk. Must Finis Sept 8. Sts. Thurs DRUM (X) SCENE 3. Cont Perfs Dly 12.45 Lte Show Fri. & Sat. 11.00 CONFESSIONS OF A DRIVING INSTRUCTOR (X) 2.25 5.50 9.15 BABY BLUE MARINE (A) 12.45. 4.10 7.35 Late Show F & Sat 11.00 SCENE 4. Cont Perfs Dly 12.55 Late Show Fri. & Sat. 11.50 JAWS (A). Progs. 12.55 3.35 6.20 9.05 Lte Show Fri & Sat 11.50.

WARNER WEST END Leicester Square Tel 439 0791 1. Charles Bronson is ST. IVES (AA) Sep progs. 2.30. 4.25 6.25 8.25 2. REDFORD HOFFMAN ALL THE PRESIDENT'S MEN (AA) Sep progs. 2.05 5.05 8.1 3. STANLEY KUBRICK'S BARRY LYNDON (A) RYAN O'NEAL MARISA BERENSON Fully air conditioned. Sep progs 2.30 7.30 4. CLINT EASTWOOD THE OUTLAW JOSEY WALES (AA) Sep perfs. 2.30. 5.10 8.00

ART GALLERIES

PARKIN GALLERY, 11, Motcomb Street, S.W.1 235 8144 Summer Exhibition including British Painters in the Mediterranean.

ROYAL ACADEMY OF ARTS. 01-734 9052 L. S. LOWRY R.A. 10-6 daily Adm 60p. 30p on Mondays and until 1.45 p.m. on Sundays. Also THE MICHELANGELO MADONNA AND OTHER TREASURES IN THE PRIVATE ROOMS until Oct. 31.

SLOANE STREET GALLERY. 158 Sloane St., S.W.1 Modern paintings, sculpture and graphics by interesting international artists. Wide range of prices. Tues-Fri. 10-5.30 Sat. 10-1

THACKERAY GALLERY. 18 Thackeray St., Kensington Sq., W.8 01-937 5883. SUMMER EXHIBITION Part II until 24 September.

CLUBS

GARGOYLE. 69, Dean Street, London W.1. STRIPTEASE FLOORSHOW SEX UNLIMITED Show at Midnight and 1 a.m. Hostesses. Mon.-Fri. Closed Saturdays 437 6455.

EVE. 189, Regent Street. 734 0557. A la carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 1.45 and music of Johnny Hawkesworth & Friends

THE EXECUTIVE EXODUS Tonight allow us to entertain you Famous erotic Cabaret, attractive and attentive Company, excellent food and superior service. 9 p.m.-3 a.m. Monday to Saturday JULIA'S Restaurant Cabaret Club Enquiries and Reservations. 734 1071 (day) 930 1648 (eve.) 4 Duke of York Street St. James's, London, S.W.1.

NEWS ANALYSIS ● INSURANCE BROKERS

The inflation beaters

BY TERRY WILKINSON, CITY STAFF

THE TAKEOVER by the international trading group, Inchcape, of insurance brokers Bain Dawes, announced yesterday, highlights a special feature of the insurance broking industry. This is the presence of large, unlisted companies operating alongside their publicly quoted colleagues. The best-known in this category is Willis Faber and Dumas, probably the third largest U.K.-based insurance broker, which announced in August that it was planning to seek a listing for its shares, "in the next few months."

Almost as large is Bland Payne, in which the Midland Bank is the principal shareholder, with a minority stake held in parts of the group by Marsh and McLennan, the largest U.S.-based insurance broking group.

Bain Dawes, which was the broker to the Flixborough disaster, involving claims of some £25m., is a third of the size of these companies, but still claims to be in the top dozen Lloyd's brokers.

Mergers are not uncommon. The past 12 months have seen the purchase by Alexander Howden of Halford Shead and Morice Tozer and Beck for a combined sum of over £18m., the merging of Lloyd's brokers Lionel Sage with the insurance arm of merchant bankers Anthony Gibbs, the injection of Christopher Moran into Richardson Smith, an industrial holding company, and abortive merger talks between Leslie and Godwin and Wighan Poland (in which Sir James Goldsmith's Anglo-Continental group holds a 64 per cent. stake).

The latest deal—with Inchcape, already the holder of 25 per cent. of Bain Dawes, buying out its shareholding partners, P & O (25 per cent.), S. Pearson (38 per cent.) and original family holder —came as no great surprise to observers of the industry yesterday—one reason given for the failure of the Leslie and Godwin/Wigham Poland talks was the inability of major shareholders to agree on an appropriate shareholding structure.

The main interest was in the price paid for Bain Dawes. Inchcape's terms value the whole of the company's equity at some £24m., against net tangible assets of £3.1m. at December 31, 1975 and pre-tax profits for that year of £3.2m. This is equivalent to a p/e rating of 15½, or a good four points above the current sector rating as measured by the FT Actuaries Index. There can be little doubt that a public flotation at this price, with Willis Faber in the wings, would have been hard to get off the ground.

Connection

Bain Dawes, as presently constituted, is the product of four medium sized firms. The connection with Inchcape and P & O goes back to 1961 when Inchcape's insurance arm Gray Dawes, which has been handling the hull insurance business of P & O since at least 1926, merged with J. B. Westray & Anderson Green. In 1970, the businesses of A. W. Bain & Sons and Thomas Stevens Poole and Gray Dawes Westray came together to form the present company.

The ownership of Bain Dawes is divided between A. W. Bain Holdings, in which S. Pearson

Quoted insurance brokers	earnings £m.
Bowring	6.5
C. E. Heath	3.1
Hogg Robinson	2.6
Alex Howden	7.7
Leslie & Godwin †	1.6
Matthews Wrightson	2.9
Minet	2.9
Sedgwick Forbes	4.3
Stenhouse	2.5
Bain Dawes	1.6

and Sons holds a 76 per cent. stake, and Gray Dawes Westray which is owned equally by Inchcape and P & O. Gradually this shareholding structure has become rather unwieldy and Inchcape has taken the initiative in transforming its effective 25 per cent. stake into full control. In yesterday's words of Mr. Donald Caswell, finance director of Inchcape, "In this situation, one master is a lot better than three."

The insurance broking sector has been popular on the Stock Exchange in the past 18 months. The attractions to prospective investor and purchaser are easy to see. The industry is surely unique in its ability to fend off the effects of inflation on its business.

Over £1bn. of premiums flow into Lloyd's in a year, three-quarters of which is in overseas currencies, principally the dollar. With the fall in the pound from $2.33 in 1975 and to under $1.80, brokers income is automatically boosted with no immediate offsetting increase in U.K. costs.

In addition the brokers work from a small capital base; are high generators of cash; and, because of generous credit arrangements with underwriters, have far less to fear from the effects of inflation accounting than manufacturing companies.

Recent results from, for example, Matthews Wrightson, which included almost doubled insurance broking profits in the first half of 1976—about two-thirds of which was due to the fall in sterling—go some way towards explaining why the sector's p/e rating and yield are the highest and lowest respectively among the FT Actuaries indices—with the exception of hire purchase and property.

Aid to growth

For Bain Dawes, the acquisition by Inchcape will undoubtedly aid its growth internationally. The insurance broker's income is currently split about equally between sterling and other currencies with rather below average. Its marine expertise, culled from years of association with P & O, will presumably suit Inchcape.

Meanwhile, Inchcape shareholders, in return for agreeing to the issue of 4.9m. Inchcape shares, 3.6m. of which are being placed to raise the necessary cash for the deal, are promised a near doubling of their dividends. P & O for its part receives a welcome £5.8m. in cash for a stake which cost £1.6m. and S. Pearson & Son finishes up with 1m. shares in Inchcape—which it intends to hold as a long-term investment—and £5.7m. in cash.

APPOINTMENTS

Mr. G. Robinson heads Gillette Industries

Mr. George H. J. Robinson has been appointed chairman of GILLETTE INDUSTRIES and is succeeded as managing director by Mr. Rodney S. Mills. Mr. Robinson joined Gillette in 1946 and held a number of senior management positions before being made managing director in 1966. He is a vice-president of the Gillette Company, Boston, Mass. Mr. Mills, who joined Gillette in his native Canada in 1961, returns to London from a subsidiary, Braun AG, West Germany, where he was a member of the board of management in charge of the international division.

★

Mr. A. L. C. Humphreys, deputy chairman of ICL, Mr. R. G. Reynolds, group managing director of Grundy (Teddington), and Mr. J. C. Simmons, an executive in the computer and automation group of the National Research Development Corporation, have joined the Board of DATA RECORDING INSTRUMENT COMPANY as non-executive directors. Within the executive structure of the company, Mr. P. G. Haworth becomes director of sales and Mr. B. T. H. Quarm director of manufacturing.

★

Mr. D. S. Jackson and Mr. P. J. Brannigan have been appointed to the Board of EMI ELECTRONICS. Mr. T. Collingwood has joined the Board of EMI-MEC, and Mr. A. D. Cooper the Board of EMI-Varian

★

Mr. David Darts has been appointed to the Board of the RYVITA CO., a subsidiary of Associated British Foods, as production director. He was previously manufacturing manager.

★

Mr. David Gracie, a principal in the OFFSHORE SUPPLIES OFFICE headquarters in Glasgow, has been appointed the representative at the OSO office in Aberdeen. Since joining OSO in November 1975, Mr. Gracie has been dealing with export policy. His appointment in the Aberdeen office is on a permanent basis and his main duties will consist of acting as a liaison link between the Aberdeen area and the OSO's headquarters in Glasgow.

★

Mr. Peter Lee has been appointed secretary of the SOCIETY OF DAIRY TECHNOLOGY in succession to Mr. Stanley Stilton, who has retired for health reasons. Mr. Lee's career hitherto has been in the administrative branch of the Royal Navy.

★

Mr. H. H. Scurfield, an assistant general manager, has been appointed secretary of the NORWICH UNION LIFE INSURANCE SOCIETY, the Norwich Union Fire Insurance Society, the Scottish Union & National Insurance Company and the Maritime Insurance Company

★

Mr. Robin Carr has been made a director of OLIVER RIX.

★

Mr. James C. Helliker has joined OCCIDENTAL CRUDE SALES INC., in Houston, Texas, as executive vice-president, and will be concerned with trading activities involving Occidental's own production as well as that purchased from others. He was previously with Phillips Petroleum Corporation, where he was in charge of international crude and product supply

★

Mr. Alexander G. Gregorson has rejoined the TARMAC organisation as deputy group chief accountant. Mr. Gregorson joined the Tarmac Group as management accountant of William Briggs and Sons in 1969 and left the company in 1975 to become finance director of Kestrel Marine.

TUC BRIGHTON '76

Jack Jones calls for more help for the old

MR. JACK JONES, general secretary of the Transport and General Workers' Union, yesterday made clear his disenchantment with the Labour Government over its failure to do more for pensioners, widows and the disabled.

He told Congress that lack of positive action by the Government was the "cause of much disappointment on my part." The Government had "faltered" from the early days of the first social contract when its commitment to improving pensioners' standard of living had made him feel proud. "We don't want to lose this pride," he added.

Mr. Jones was particularly concerned that the time lag between agreeing and implementing the pensioners' November increase meant that they would be 7 per cent. worse off when they actually received the money because of inflation. He felt the increase—which was in line with the £6 pay policy—should have been paid before that policy expired at the end of July.

Mr. Jones also attacked senior civil servants for lacking a "social conscience" in persuading the Government to drop the Christmas bonus to pensioners. "I appeal to these people in Whitehall to do unto others that which they do unto themselves."

If the Christmas bonus could not be reintroduced, he wanted a reduction in fuel tariffs for pensioners.

Congress unanimously approved a motion calling on the General Council to press for an increase in pensions to half of the national average earnings for married couples—about £32 a week, and a third of average earnings for single people, effectively about £21 a week.

Retirement

A separate motion, calling for phased progress towards early retirement for men, was also carried unanimously by Congress. But speakers, including Mr. Jones, emphasised that it would be foolhardy to implement this goal without first making sure that pensions were adequate. Otherwise, early retirement would only mean a new "poverty trap."

Mr. Bill Miles, of the Society of Graphical and Allied Trades, who proposed the motion for early retirement, said that it would help alleviate the prospect of continuing high unemployment.

Other speakers emphasised that the General Council should seek Parliamentary moves towards enabling men to retire and draw a full pension at 60 as an immediate goal and not a long-term aim.

Mr Brian Stanley, general secretary of the Post Office Engineering Union, told delegates that they should not be put off by the Government's estimate that early retirement would cost £1.5bn. a year. This would be the total cost, he said, of early retirement for all men. But the TUC was only calling for a phased move towards early retirement and not all men would take up the option.

He estimated the likely cost of implementing the first stage of early retirement would be in the region of under £100m.

Tribunals seen as equal pay obstacle

CHANGES IN the law to increase the chances of women successfully claiming equal pay with men were unanimously demanded by Congress.

The Government will be urged to amend the Equal Pay Act, which came fully into force at the end of last year, to allow women equal pay if they do work of equal value to comparable men. This definition was rejected as being too vague during the drafting of the Act and the description "work of the same or broadly similar nature" was adopted instead.

But many trade unionists believe that this is proving a rigid restriction on women's chances of securing equal pay.

Mrs. Judith Hunt, national women's officer of the Amalgamated Union of Engineering Workers, Technical Administrative and Supervisory section, moving the motion, said that the Equal Opportunities Commisson had wide powers and it must review the workings of industrial tribunals. Trade unionists must not have their traditional industrial rights eroded by one-sided deliberations of tribunals.

The act, she said, should provide the right for comparisons across companies within an industry and, in areas where only women were employed, the concept of the "notional man" should be introduced to evaluate their pay. "But even if we had an deal Act, history has shown that legislation is no substitute for effective trade union action," she added.

Mrs. Christina Page, of the Union of Shop, Distributive and Allied Workers, seconding, accused industrial tribunals of "blowing up minute differences out of all proportion" when deciding equal pay claims. Her union did not believe the present legislation went far enough.

Mrs. Pat Turner, women's officer of the General and Municipal Workers Union, agreed there was "growing disquiet" among women about the use of tribunals, many of whose chairmen however well meaning were far removed from industrial reality.

"We have not fought so long and so hard for equal pay legislation only to be cheated at the end by unrepresentative bodies," she declared.

Notional man embraced in women's cause

THE TUC yesterday turned its thoughts to the problems confronting two major minority groups of workers, immigrants and women.

Although motions on these subjects are virtually guaranteed unanimous endorsement by delegates—a tradition maintained yesterday—debates on them are conducted in an atmosphere of slight embarrassment as both recipients of the movement's concern are always seriously under-represented in the conference hall.

There was therefore an element of relief in the hearty applause which greeted Equity member, Mr. Louis Mahoney, who is almost unique in this gathering by being black, when he rose to speak on a motion condemning racialism.

Mr. Mahoney, like the rest of the Congress, supported a long composite motion which, among other things, called upon the Government to take "positive action within the law" to ban demonstrations by the National Front and National Party.

Mr. Bill Keys, mover of the successful motion, acknowledged that some people might think such a step tended to play into the hands of the very organisations he was criticising, but he thought it was necessary in view of their aims and activities.

After Mr. Mahoney's contribution as the only black speaker in the racialism debate, Mr. Bill Taylor, of the Amalgamated Union of Engineering Workers, made an equally historic intervention when Congress went on to consider equality for women. He became the first man of the week to speak on a specifically women's issue.

Mr. Taylor has first-hand experience of equal pay problems as he is involved with the four-month-long strike at Trico-Folberth, the West London car components factory. A delegation of strikers from the plant demonstrated outside the conference hall as the debate was taking place.

A third man appeared in yesterday's debates alongside Mr. Mahoney and Mr. Taylor. He was the "notional man" introduced by Judith Hunt, national women's officer of TASS, the Amalgamated Union of Engineering Workers white-collar section, and although he does not exist he may figure prominently in pay negotiations of the future.

She is suggesting that where women consider themselves underpaid within their company or industry but have no men with whom they can directly compare themselves, the notional man should be invented to come to the rescue.

Pension funds voice 'vital'

THE GOVERNMENT'S plans [to] give trade unions equal repre[sentation] on pensions fun[ds] "has run into a tremendo[us] barrage of opposition fr[om] employers, the pensions ind[us]try, and the Conservative Party," Mr. Terry Parry, general sec[re]tary of the Fire Brigades Uni[on] told the Congress.

Mr. Parry was introducing t[he] report of the TUC's social ins[ur]ance and industrial welfare co[m]mittee, of which he is chairm[an].

He warned delegates that [it] was "of the utmost importan[ce] that we as a trades union mo[ve]ment make clear that we rega[rd] legislation in this field as vita[l]."

He added: "We should not [be] prepared to compromise in a[ny] way on the essential element[s of] such legislation."

Mr Parry emphasised t[hat] although the recent Governme[nt] White Paper favoured uni[on] representation on pension fu[nds] "we must not count our chick[ens] before they are hatched." [He] said the TUC was pressing t[he] Government to introduce legis[la]tion in the next Parliament[ary] session.

Battling

The TUC, he revealed, h[ad] also been battling with the C[BI] on the implementation of e[m]ployee participation on hea[lth] and safety committees. But t[he] CBI had finally agreed with t[he] proposals—which were revea[led] yesterday by the Health a[nd] Safety Commission — giv[ing] greater power to unions [on] safety issues.

Mr. Parry said that while t[he] TUC was pressing for ea[rly] implementation of these p[ro]posals, there were new "host[ile] counter-pressures" from so[me] employer groups that the c[ost] would be too high.

"Congress must make it ab[so]lutely clear we will accept [no] delay. But these days mirac[les] do not happen by themselv[es]; they have to be made to happe[n]," he declared.

Since it was the employers w[ho] created the problems, it was [up] to them to solve them "eith[er] with their own bona fide exp[er]tise or by buying it fr[om] acceptable experts."

Delegates have to run gauntlet of chanting teenagers

Right to Work marchers gather outside the Dome conference hall.

DELEGATES WERE forced to run the gauntlet yesterday between lines of chanting teenagers who had marched from London to accuse the TUC of passively accepting record unemployment.

Clad in luminous orange vests, the 550 marchers descended from their overnight encampment on the South Downs and gathered in well-drilled ranks outside the Dome conference hall behind the Royal Pavilion.

The march was organised by the Right to Work campaign which is led by Trotskyist International Socialists.

The leaders claimed it was the biggest demonstration of its kind since the thirties. They also countered suspicions that this was really a political affair with the assurance that every marcher had been required to produce documentary evidence that he or she was on the dole.

The marchers, some of them looking too young even to have left school, called for the heads of Jack Jones and Len Murray and shouted for the right to send a representative into the hall to speak to the delegates.

After sharing their sandwiches with other lobbyists, including Trico women strikers, they regrouped and marched down to the sea where a black coffin representing the 1.5m. unemployed was ceremonially pitched off the jetty.

The ceremony over, many stripped off and followed the coffin into the water. After a night on the municipal camp site, they are to-day due to join a demonstration against public expenditure cuts organised by the National Union of Public Employees. Police expect up to 3,000 people outside the Dome to-day.

Mr. John Deason, leader of the march, called a Press conference at which he defended the action of an advanced guard which on Sunday night disrupted a Tribune meeting and forced Mr. Albert Booth, Employment Secretary, to abandon his speech.

Mr. Deason said he was appalled by Press descriptions of the demonstrators as "bully boys." He said that at last year's TUC Jack Jones himself had stormed the platform at a Tribune meeting and none of the Press dared call him a bully boy.

"As far as we are concerned, he is the real bully with his 1¼m. block vote."

Mr. Mike McGrath, an International Socialist elected this year to the national executive of the Civil and Public Services Association, chaired the conference and said he condemned the TUC's role as an ally of the Government.

Last night some of the marchers lobbied Brighton hotels in an attempt to meet delegates and persuade them to speak out against TUC policy during to-day's economic debate.

At the Metropole, the police were called when about two dozen of the marchers collected in the foyer. But there was no trouble and the demonstrators left without seeing the delegates.

REPORTS BY CHRISTIAN TYLER, DAVID CHURCHILL and ALAN PIKE

PHOTOGRAPHS BY TERRY KIRK

Racialism is new pornography of society, says Basnett

Mr. Louis Mahoney, a member of Equity, was given an ovation after speaking in the debate on racialism.

THE NATIONAL FRONT has embarked upon a programme of infiltration in the trade union movement, Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades, claimed when opening a debate on racialism.

He said the Front was setting up "little caucuses in factories to try to advance their position." Fascism, warned Mr. Keys, fed on the type of economic crisis which the country now faces.

"These people who peddle race hatred are no different from the people who peddled the hatred in Germany in the 1920s and 1930s which led to the last war." It must be stressed that coloured immigrants had nothing to do with the present unemployment problem.

Alarm

Congress which, this week, is launching a joint campaign with the Labour Party against racialism, endorsed a motion noting with alarm "the growth of racialist and Fascist activity in the U.K. and the support obtained by racialist groups in recent Parliamentary and local elections."

The motion condemned as provocative marches and demonstrations organised by the National Front and the National Party and called upon the Government to take "positive action within the law to ban them."

A succession of speakers gave the motion strong support. Mr David Basnett, general secretary of the General Municipal Workers Union, described racialism as the "new pornography of our society" and demanded not just words and publicity, but positive action to change attitudes.

Congress gave a warm reception to a coloured delegate, Mr. Louis Mahoney, of British Actors Equity Association, who warned: "Britain is a multi-racial society. This fact must be recognised or we will be putting the future in jeopardy for our children."

Miss Audrey Prime, for the General Council, promised that organisations like the National Front would receive "no support, no succour" from the trade union movement and said the TUC would join vigorously with the Labour Party in the campaign against racialism.

Newcomers on general council

TWO NEWCOMERS were vot[ed] on the TUC General Council [for] the coming year in electio[ns] declared yesterday.

Mr. Anthony Christopher, [new] general secretary of the Inla[nd] Revenue Staff Federation, w[ill] take over the seat occupied [by] the Federation's present gener[al] secretary and this year's T[UC] president Mr. Cyril Plant, who [is] retiring.

Challenge

The federation, with 61,0[00] members, has thus succeeded [in] holding the seat despite a stro[ng] challenge from Mr. Ken Thom[as], general secretary of the bigg[est] civil service union, the 225,0[00] strong Civil and Public Servic[es] Association. Mr. Christoph[er] received 7,839,000 votes to M[r.] Thomas's 5,223,000.

Yesterday's other change giv[es] Mr. Ken Baker, a national offic[er] of the General and Municip[al] Workers Union, responsible f[or] shipbuilding and engineering, [a] general council seat. [He] succeeded to one of the thr[ee] seats held by the union witho[ut] a contest replacing Mr. Al[f] Donnet, who has retired fro[m] the council.

Labour MP's plea selected import controls supported

DELEGATES WERE right to criticise the "appalling level of unemployment" now facing Britain, said Mr. Tom Bradley, MP, when he offered fraternal greetings from the Labour Party.

There was warm support from Congress for his suggestion that the "case for selective import controls on certain manufactured goods is compelling and we remain unconvinced by departmental arguments to the contrary."

Mr. Bradley added: "Re-establishing full employment must be the number one priority of this Government but it will only be achieved if we ensure that the economy expands very rapidly over the next three years." This would inevitably again involve delays in the "implementation of some cherished schemes of reform where they would stimulate consumption and excessive imports."

To achieve economic recovery, Mr Bradley hinted that public expenditure cuts were a necessary evil. While public expenditure within a total economic strategy was aimed at creating a just society, "such expenditure should be financed out of our national ability to produce—not by printing money."

'Living on tick'

"At present we are heavily in debt, living on tick with enormous borrowing. If we are to prevent our creditors from imposing their own solution on to us, the Government must succeed," he added.

Mr. Bradley warned of attempts to split the close liaison between the TUC and Labour Party and urged delegates to "devote their efforts to strengthen it."

He accused Mrs. Thatcher, leader of the Opposition, of having no understanding of the aspirations and problems of working people. "All the evidence suggests that the election of another Tory Government would mean renewed attacks on the lowest paid and the least well organised members of the community," he said.

Instead, he envisaged that the current TUC-Labour Party liaison was laying the foundations for Britain in the 21st century. "Our task in the coming months is to avoid conflict and continue the kind of co-operation which alone can guarantee the industrial future of our country."

Pay beds Bill not tough enough says Congress

DELEGATES declared yesterday that the Health Services Bill "does not meet the long-standing objectives of the trade union movement to remove private practice from the National Health Service."

Congress unanimously endorsed a motion from the National Union of Public Employees demanding the Bill's replacement by fresh legislation to ensure the "swift, final and irrevocable" elimination of private practice from the NHS and rigid control of private hospitals.

OTHER LABOUR NEWS

Safety at work proposals hit by spending restraints

BY DONALD MACLEAN

MOVES TO strengthen the working of the health and safety at work legislation by making greater use of local authority inspectors have been rejected by the Government as a result of public spending restraints.

At the same time, a clash between the Government and the trades unions was threatened by Mr. Terry Parry, chairman of the TUC's social insurance and industrial welfare committee, if the Government fails to accept proposals by the Health and Safety Commission, published yesterday, for the setting up of safety representatives and committees at places of work.

The proposals met the principles and objectives of the TUC, Mr. Parry said. But there were "hostile counter-pressures against the urgent implementation of the proposed regulations" on the grounds of finance, he warned.

In the local authority field, the Commission had asked the Government to make regulations of two kinds. The first was for the authorities to use inspectors to enforce general provisions of the 1974 Health and Safety at Work Act, in premises they already inspect.

The second was for the local authorities to enforce the legislation in areas brought within health and safety legislation by the 1974 Act. Under the Act, some 8m. people were brought within its scope for the first time in areas such as education, doctors' and dentists' surgeries, water authorities and some fields of public administration.

It is understood that the second development involves the bulk of additional public expenditure but that the Government has rejected both as being part of a package.

The Health and Safety Commission now proposes that a more limited package, including a widening of powers for local authority inspectors in places they already visit, should be brought into effect. It argues that the cost of this would not necessarily breach the public spending policy.

Under the proposals announced yesterday, safety representatives would be appointed from members of trade unions. According to Mr Bill Simpson, chairman of the Commission, they would be "safety watchdogs," and have time-off with pay to carry out their functions.

Proposals for these regulations are contained in a booklet, Safety representatives and safety committees, on sale shortly through the Stationery Office.

Social worker reinstated

BY OUR LABOUR STAFF

MR. IAN DAVIES, the Tower Hamlets social worker sacked after being fined for a homosexual offence, is to be reinstated.

This decision, a reversal of the local council's previous position, was announced yesterday and the National and Local Government Officers Association immediately called off its plans for a one-day strike in the authority's offices.

An industrial tribunal ruled some weeks ago that Mr. Davies should have his job back.

Equal-pay strikers 'being misled by Left-wingers'

BY IAN HARGREAVES, LABOUR STAFF

AS THE equal-pay strikers from the Trico-Folberth plant in West London lobbied the annual Trades Union Congress in Brighton yesterday, a shop steward from the factory claimed that the women were being misled by Left-wing activists.

Mr. Reg Brown, a toolroom shop steward and a member of the Amalgamated Union of Engineering Workers during his 23 years with the company said that he and others were thinking of leaving the union in protest at the Left-wing domination of the union's Southall district committee.

He claimed that 317 AUEW members from Trico, about a fifth of the workforce, had signed a letter to Mr. Hugh Scanlon, the union president, expressing "no confidence in the union executive which has been responsible for this dispute." Shop stewards and the plant's convenor are also criticised in the letter.

Mr. Brown said that he accepted the company's case that the equal-pay claim was based on false premises, involving a comparison with five men who had been transferred from the night shift and offered a temporarily higher rate as compensation. He and other shop stewards had accepted this arrangement at the time of the transfer, he added.

The letter says: "All th[e] strike has achieved is to sp[lit] the membership of what w[as] largely a loyal group of tra[de] unionists who can see that th[is is a] non-issue based on brok[en] agreements on our side c[an] result only in loss of jobs if th[e] strike continues."

Altogether 350 women and 1[?] men are on strike and last wee[k] the company laid off the rest [of] its production workers—445 me[n] and 77 women. The strike [is] now in its 16th week.

Summoned

Mr. Brown, as one of the Tric[o] workers who crossed the striker[s'] picket lines before the lay-off[s] has been summoned to appe[ar] before the union's district com[mittee] to-morrow."

"I have not yet decided whethe[r] to attend, but I have decide[d] that I will spend the last tw[o] years of my working life tryin[g] to blow this Communis[t] dominated district office," h[e] said.

The strikers who allege[d] police harassment, the use [of] strike-breaking transport com[panies] and even infiltration b[y] the National Front, reject an[y] suggestion that they are mot[i]vated by anything other tha[n] achieving equal pay.

WATER FOR INDUSTRY:

Act now and it need never be a problem again.

"We'll need at least two wet winters, and a damp summer."

That, the most optimistic forecast of the time it will take to replenish the country's water reserves, is the stark situation facing British industry today.

There are no instant solutions, no miracles anyone can perform. Even with average rainfall throughout the winter, it's going to take 18 months or more before the water supply is back to anything like normal.

Can anything be done?
Yes indeed. You can look for new, untried sources of water – but that's a long term answer, and not usually industry's job anyway.

Or you can make far more efficient use of what water you've got.

But first industry is going to have to reconsider its attitudes to water – drastically.

A few home truths.
Besides consuming two-thirds of Britain's water, industry also wastes a great deal of it (pre-drought economics reckoned it was cheaper to discharge water after use rather than re-use or recycle it).

Now all that must change. Water has become a precious raw material – and an expensive one at that.

The cost to industry of water purchased has increased by an average of 67% over the last two years. In some areas, the increase is as high as 114%.

The cost of discharging waste water to sewers varies with the level of pollution, but in many cases substantial charges will now be enforced that previously were not levied.

These trends are likely to continue. So what action can your company take?

Talk to the experts – now.
Portals Water Treatment encompasses a number of companies specialising in a wide variety of techniques and products for the more efficient use of water.

We are the largest British organisation in this field, employing over 2,000 people and producing everything from major water and effluent treatment installations to simple water softeners and purifiers.

The professional guidance we can offer applies to very small firms as much as to industry leaders.

Most solutions are medium to long term, but planning should be implemented immediately. Some of the problems can be eased right now by using, for example, plant we have standing by which could tap hitherto unused streams at short notice.

Money spent now is money saved
We can show you how to recycle water continuously, using it ten to fifteen times over or more. Which could be one way of maintaining full production if it comes to reductions in supply.

We can offer ways of avoiding unnecessary wastage. Recycling systems we installed recently in the metal finishing and allied industries are already saving the country the equivalent of the normal domestic water requirements of a city the size of Norwich. At the same time, these manufacturers have become effectively independent of major water supply problems.

Besides easing your water usage problems, taking such steps now also makes sound financial sense.

Pay-back periods for capital investment in water recycle and re-use systems are commonly as little as two to three years. Where recovery of valuable materials is possible, this period is often considerably reduced.

So you'll not only be doing the nation a good turn, you'll be cutting back your overheads, too.

What you should do now.
Be prepared for hard, fast decisions which may involve capital investment. Water may not have been your major priority before, but it certainly is now.

Get in touch with us without delay. By using the coupon below, or by 'phone.

We have set up a special Industrial Water Advisory Unit, headed by Dr T V. Arden, one of the leading authorities on water treatment.

This Unit can quickly diagnose your water usage problems and recommend the right remedies. And back advice up with the right hardware and our established nationwide service.

So that you need never face the threat of production, jobs and profits drying up again.

Write today or call any of these Maidenhead (STD Code 0628) numbers now:
32977, 34346 or 34334.

To assist our Industrial Water Advisory Unit in responding quickly and positively to your problems, it will help greatly if you would supply as much of the following information as possible:

Where is your plant(s) located? ______

What type of water supply are you on?
(Mains/Water Course/own Reservoir/Well/Underground Bore Hole/etc.) ______

How much water do you use?
(Volume per day or per week) ______

What do you use water for?
(Cooling/Spraying/Boiler Feed/Washing/Manufacturing Drinks/etc.) ______

Do you treat water before and/or after use, and how? ______

How much water is disposed of as a waste product? ______

For what reasons? ______

And where to? ______

Name ______
Title ______
Company ______
Address ______
Telephone ______ Ext. ______

Post to:
The Industrial Water Advisory Unit,
Portals Water Treatment Limited,
Oldfield Lodge,
156 Bridge Road,
Maidenhead, BERKS. SL9 8DF.

It may save you time if you attach this coupon to your usual letterhead when sending it. FT 89

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

Printing on both sides

MOST TEXTILES that are printed have the print applied only to one side and what is seen on the reverse is known as "strike through." There is, however, in Britain in particular, a segment of the market that wants cloths with a fully defined pattern on both sides. This has led to duplex printing where a reverse image of the design is applied to the cloth on the reverse so that it looks as though the pattern has been printed through the cloth with complete definition.

In the past, when there were very long runs for particular designs, it was possible to print duplex patterns by engraved copper rollers and take the cloth through a nip between two engraved rollers of this kind and so apply the design to the fabric on both sides simultaneously.

In recent years this has become increasingly expensive as there is a call for much shorter runs of a particular design and the cost of engraving copper rollers has risen steeply.

Among the cloths that favour duplex printing are umbrella and swimwear fabrics, but particularly curtainings.

The first attempt to solve the economic problems of duplex printing came from Portugal in the form of what is called a rotary screen duplex printing machine. The screens, which replace engraved copper rollers, are much less expensive and can be produced very quickly. Essentially the screens serve as a sophisticated stencil and through the engraved perforations in the very thin metal walls, is applied the print paste.

Now, a completely new British machine has been developed for this specialised trade. The duplex screen printing machine is being built by Sir James Farmer Norton and Co. (Adelphi Street, Salford 3. Tel. 061-5511) and it operates vertically.

This Salford-based company has long supplied equipment to the wet processing industry. Its new printing head is particularly suitable for incorporation in existing Farmer Norton ranges such as the entry and guiding units, drying ovens and delivery.

As duplex printing is mainly a British phenomenon, Farmer Norton stresses that its compact vertical printing head can be used for printing only one side of the fabric. Arrangement is such that up to eight colours can be applied with design repeats up to 640 mm. and two men can change a screen and squeegee in as little as two minutes.

As yet no production data have been issued as to printing widths and production rates, but the machine is certainly able to print widths of over 2 metres and presumably the rate of printing will be adjustable to match the normal drying and polymerising production rates of existing overhead ovens into which the printed fabric will normally be fed.

Printing machine builders round the world have increasingly developed rotary screen machines, but these operate in a horizontal line, whereas this, the first British machine, is vertical, which is ideal for the specialised type of printing it undertakes.

● SERVICES

Planning in the grasp of tyros

SINCE THE beginning of the month, RTZ Computer Services, a Bristol based member of the RTZ organisation, has been operating its new dial-up time-sharing service.

In connection with this venture, the company is also releasing two of RTZ's computer based forward planning systems.

FPS (Financial Planning Simulator) is used extensively throughout the world by non RTZ users. It is a Fortran written system that assists with forward cash projections, capital project budgeting, profit planning and financial forecasting. FPS has a large library of subroutines useful to financial analysts for complex financial calculations, such as cost calculations, depreciation and escalation factors and cash flow calculations. The system was developed and is used by the RTZ Group's own executives for internal forward planning and profit evaluation purposes.

MAPS (Money and Profit Simulator) was developed in the U.S. in 1975 and has already gathered 30 non RTZ users. Written in Basic, the system is very easy to use and is especially designed to appeal to the non-computer financial executive. MAPS has been used for preparing forward planning reports and for budgeting exercises.

The running of these two systems in one package is a new development for RTZ Computer Services. The company has been marketing and selling FPS for some time both in the U.K. and abroad. However, because Fortran is not "user-friendly," to non technical people, RTZ-CS has brought MAPS over from the States and developed the system for use with FPS. As MAPS is written in Basic it is easily understandable to non-technical people working in the financial area, but at the same time its capabilities are as far-reaching as those of FPS. RTZ-CS feel that with the choice of a technical and a non-technical system, the package is immediately made more attractive to a wider market.

RTZ Computer Services is providing an experienced support team to back up the new time-sharing service, having extensive experience with both FPS and MAPS.

Further from the company at PoB 19, 1 Redcliffe Street, Bristol BS99 7JS. Bristol 24181.

● POWER

Watching a water power generator

FERRANTI hydro-electric generator controllers incorporating a programmable logic control system will accept input status information from generator, turbine and ancillary equipment and provide all the necessary signals for efficient generator control.

Ideal for straight hydro-generators or hydro-generator pumping sets, with either automatic or manual operation, they can be changed to either form of operation and this does not affect the control sequences. Manual controls may be mounted remotely if required. Changes to the control sequence are easily introduced by the repositioning of diodes on the programming matrix printed circuit boards.

Internal equipment provides automatic synchronisation between generator and supply, and speed measurement is obtained via an impulse generator attached to the turbine/generator shaft. Speed control is achieved by decoding the speed signals and comparing them with a preset value.

Electromechanical or electronic buffer input or output modules protect the control logic from electrical interference.

SC900 is also suitable for the conversion of existing manually driven hydro-electric generators of both the Pelton wheel and Francis turbine types, and additionally can be used to provide a control facility for new installations.

Further details from Ferranti, Instrument Department, St. Mary's Road, Moston, Manchester M10 0BE. 061-681 2071.

● PROCESSING

Continuous plate etch

INTRODUCED from the U.S. by Funditor is the Tascope vertical in-line etching machine for zinc and magnesium printing plates. The machine processes engraved plates "dry-to-dry" — it removes scum, etches and washes them in a fully automatic operating cycle.

The machine is built in three modules (one for each of the above processes), each of which can hold two plates of size up to 24 x 20 ins. (610 x 510 mm).

In the "de-scum" module the plates are spun by rotation jets and a timer provides automatic sequencing for each of the functions, that is, air, water, acid and plate protection. At the end of the cycle the plates pass through to the linked etcher module which embodies a 450-litre bath able to hold 1,000 oz. (about 28 kg) of dissolved zinc or magnesium. A refrigeration unit keeps the bath at the right temperature.

Vertical rotary diffuser cylinders provide etch rates of 18 "thou" per minute, allowing 70 engraved plates for direct printing to be produced per hour, or 56 pattern plates.

A final module washes the plates, with adjustable timer-controlled functions. A free-standing console controls the modules. More from South Way, Wembley, Middx HA9 0HE (01-902 3022).

● INSTRUMENTS

Locating objects in deep water

A BATTERY operated diver-held sonar equipment has been introduced by Helle International and is available from Underwater Instrumentation, 212, Station Road, Addlestone, Surrey (Weybridge 43871).

Main applications will be in the detection of wellheads, drilling structures, shipwrecks and equipment lost overboard. Weighing 15 lb (7 kg.) in air, it has ½ lb of negative buoyancy in the water and is designed for use by both "hard hat" or scuba divers.

Control knobs are located on the face of the instrument for easy selection of sensitivity and range in fathoms or feet. A neon lamp alerts the diver that the sought for object is "in sight" and at what range.

The sonar is cylindrical in shape—eight inches in diameter and about seven inches long. The high strength black anodised aluminium housing is designed to operate down to a depth of 1,000 feet. It is self-contained with 10 AA cell batteries providing power for about four hours at 0 to 60 feet operation and six hours at 0 to 60 fathoms. Sonar frequency is 200 kHz. Price is £681 duty paid.

● ELECTRONICS

Memory to withstand hard knocks

PLESSEY Memories, of Towcester, Northants, has brought out the new SAMS-1P planar memory system, second in its range of severe applications memory systems designed for military memory applications.

SAMS-1P is a ruggedised memory for applications demanding high performance and high reliability under severe environmental conditions, over an operational temperature range of −55 deg. C to +85 deg. C. It is a 3-wire 3D random access memory of 16k word 18-bit capacity, with an optional 8k word version. Cycle time is 1.0 microsecond and access time 0.42 microsecond.

Designed using conventional high reliability components and no complex hybrid circuitry, the Plessey SAMS range of products are the only severe applications memory systems entirely manufactured in Europe by a European company. They are form, fit and function compatible with the previous single U.S. source of supply, and meet the exacting standards of the appropriate MIL specifications for airborne, shipborne and ground-based applications.

Plessey Memories, Water Lane, Towcester, Northants NN12 7EG. Towcester (0327) 50312.

Thick films to order

CUSTOMER designs of thick film circuits can be made by Siegert of West Germany using a service now offered by Lemo (U.K.) of 6 South Street, Worthing, Sussex BN11 3AE (0903 204651).

Standard aluminium oxide ceramic substrates are either 0.635 or 0.7 mm thick and measure 25.4 x 12.7 mm, or 38.1 x 12.7 mm. Others can be provided up to 50.8 mm square.

Resistors can be incorporated in the thick film deposits, laser-trimmed for value accuracy, with a possible range of values from two ohms to 10 megohms. Tolerances are down to ± 2 per cent. and power ratings up to about 0.5 watts/sq. cm.

In addition, discrete components can be added to customers' specifications. If requested epoxy resin can be used as a sealant for the complete assembly after the completion of testing.

CBM to get components company

COMMODORE is moving quickly towards a components capability and has announced an agreement in principle providing for the acquisition of MOS Technology Inc., of Norristown, Pennsylva[...]

Commodore — listed on [...] American and Montreal stock [...] changes — manufactures and [...] tributes calculators, electr[...] digital watches and steel o[...] furniture, with sales in exce[...] $56m. for the fiscal year en[...] June 30, 1976. MOS desi[...] manufactures and markets la[...] scale integrated circuits, incl[...] ing calculator arrays, micro[...] cessors, peripheral devices [...] use in micro-computers and [...] recently introduced a four pla[...] TV game chip for use with bl[...] and white and colour TV.

Sales of MOS for the thir[...] month fiscal period en[...] February 29, 1976, were in ex[...] of $11m. MOS shares [...] privately held.

It is intended that MOS [...] operate as a wholly-owned [...] sidiary of Commodore [...] expand its present product [...]

● MAINTENANCE

Picking up dangerous tramp iron

INDEPENTLY powered, [...] electromagnetic road sweep[...] available from Eriez Magnet[...] —U.K., can be towed behind [...] small tractor to keep roads, r[...] ways and perimeter tracks f[...] of tramp iron, screws, belts, e[...] which could cause punctures [...] vehicles, and more serious da[...] age if ingested by aircr[...] engines. It is also an aid [...] industrial safety in large f[...] tories for keeping roads a[...] gangways clear.

The new sweeper is 8 [...] wide and the magnet is pow[...] by a small petrol engine gen[...] tor set.

Eriez Magnetics—U.K., Wil[...] Industrial Estate, Caerphil[...] Mid-Glamorgan, CF8 3ED, Wal[...] Caerphilly (0222) 868501.

● COMPUTING

Dynamic graphic display

INTENDED for use with any 16 bit minicomputer is the QVEC refreshed graphic display system produced by Sigma Electronic Systems, Church Street, Warnham, Sussex (0403 67276).

The equipment consists of a generator, a 17 or 21 inch display monitor and a computer interface. It produces pictures by moving the CRT spot between points defined on a 1024 by 1024 matrix.

Picture data is stored in the computer user's memory and is automatically read out at intervals via the interface without program intervention. This technique not only minimises costs but enables the computer to change its picture file by direct memory reference instructions thereby eliminating the usual slow serial line communication. Further, the single word instruction format enables files to be dynamically altered while pictures are being formed, giving animation.

Other items in the range include character generators, multiple display options, keyboards and software handlers.

Monitoring made easy

MS32 IS a computer performance measurement system which introduces a turnkey approach to performance monitoring.

It is of particular interest to those computer users who wish to reap the economic and operational benefits of a system tuned for maximum possible efficiency but who lack the resources to carry out the development effort required to apply most existing performance monitors.

Tesdata provides the user with all the software necessary for successful operation of the MS32. Applications software is offered in modular packages called T-PACs, available in a varied range of applications from "Basic System Profile" to "Disc Arm Motion Analysis."

The user can select the T-PAC which handles his required test function, and implement the program immediately without any programming development on his part. Nor does he need to book up the test probes: all this is done for him by Tesdata.

Tesdata is at Station House, Harrow Road, Wembley. 01-903 6355.

Speeding up transfer of information

INCREASES of up to 120 per cent. in data communications throughput can be achieved with a new device marketed by Data Capture Systems and Terminals (International).

The DCT high-speed switched network adaptor is available for Mohawk 1103, 6403 and 7503 and all associated key-to-tape communications equipment.

Essentially the new adap[...] enables the Mohawk termin[...] which have hitherto be[...] restricted to 1200 baud transm[...] sion on the switched network, [...] use faster modems and incre[...] speed to 2400 or 4800 bauds.

The unit enables BPO 7C [...] equivalent commercial mode[...] to be connected to the Moha[...] and modifications of [...] character format provide a f[...] ther increase in effecti[...] throughput. Transmission saf[...] procedures have also been s[...] plified. An additional swit[...] which enables the feature to [...] "in or out" means the termin[...] can revert to its original dialog[...] and communicate with anoth[...] standard machine.

DLA Computer Systems, Ha[...] lequin Avenue, Brentford, Midc[...] TW8 9EW. 01-868 7331.

● CALCULATORS

Deals with fractions

SOMETHING different in calc[...] lators—and they are still comi[...] on to the market at the rate [...] two or three a month—is th[...] AL-8 just announced by [...] Electronics.

This machine can deal wi[...] fractions as well as the mo[...] normal decimal notation. T[...] user presses normal numeric [...] keys for numerator, a fracti[...] bar key, more number keys f[...] the denominator, and the ent[...] shows on the display as the t[...] numbers with an "L" shap[...] flag between them for the fr[...] tion bar. The machine will th[...] perform the usual four functio[...] and give the result as a fractio[...] instantly converted to decima[...] at the touch of another butto[...]

AL-8 also has two separa[...] memories, square root ke[...] ability to show the remainder [...] a division, a simple standa[...] deviation program, conversion [...] hours minutes and seconds [...] decimal equivalents, thr[...] choices of answer presentatio[...] (floating point, round-off or cu[...] off to two decimal places), an[...] a percentage key. Price is £1[...] including VAT. More from [...] Scrutton Street, London [...] (01-377 9087).

The Management Page

EDITED BY JOHN ELLIOTT

Loopholes are emerging in the Price Code. U.K.-made goods are being exported and then bought back into the U.K. at increased prices. Nicholas Leslie reports.

The export path to higher prices

PRICE INCREASES of many basic materials used in U.K. industry have been restrained over the past year or two as a direct result of the Price Code. But it is an illusion to assume that the benefits of such price stability have always worked through to consumers. Changed trading patterns and practices have resulted in much of the domestic price stability being cancelled out.

This is the view of an industrialist in the Lancashire textiles industry who maintains that the experiences of his own company show clearly not only how supplies of basic materials can become more expensive, but also how his company's general ability to trade efficiently enough to ensure future price competitiveness has been weakened.

The "illusion" of price stability so far as his own company is concerned lies in the way it has had to alter its lines of supply, says the industrialist. Because of price control in the U.K., raw material producers concentrated on exporting their wares. These commanded higher prices free from controls and were still competitive abroad because of the relative strength of sterling against foreign currencies.

To ensure that his own company had sufficient supplies, he was "obliged" for a period to use one of its overseas subsidiaries to buy these higher priced goods which had been exported from the U.K. and ship them back to Britain. This involved the materials being physically moved abroad and then back to the U.K.

Although the Department of Prices and Consumer Protection says that it has found little evidence of this practice, the industrialist suggests that it occurs not only in his own business but in other industries as well, particularly where the product is in short supply or can also command a higher price overseas. Where goods are in short supply, there is in fact provision in the Price Code for a price rise to be allowed if requested, but it has been invoked only once and for some reason industry is clearly inhibited about using it.

Sterling

Another similar outcome of the Price Code, it appears, is that finished products are also being diverted to export markets as a result both of restrictions at home and of increased competitiveness of goods abroad as the value of sterling has fallen. A product may command, say, a price 20 per cent. higher overseas than in the U.K. so a manufacturer will concentrate on exports. His U.K. customers, to make up shortages of supply, have to buy overseas at the higher prices, thus adversely affecting the U.K. consumer.

And if goods bought abroad are required as components for a finished product subsequently destined for export, the competitive edge of the U.K. manufacturer may disappear.

Another problem he claims to have experienced in the effect of an arbitrary split of fixed costs—or overheads—between home and export sales on a pro-rata basis. This method of dividing costs was accepted by the company as being the best available since the products concerned were of a standard type whether for home or overseas markets. A pro-rata split of overheads thus seemed the sensible solution.

The company had £4m. of annual sales, split evenly between home trade and exports. When the pound was worth $2.40, variable costs totalled £3m., including raw materials, and were split evenly between home sales and exports as were £700,000 of fixed costs. Thus, the profit emerged at £300,000, half from home trade and half from exports. But the same sales performance produced different figures by the time the pound had fallen to $1.78. Home trade sales stayed at £2m., but the value of exports had risen to £2.69m., for total sales of £4.69m. Variable costs were up (raw materials, for example, costing more) to a total £3.06m., again split evenly between home and export sales. But fixed costs, still totalling £700,000, were split on a pro-rata basis of £298,000 to home and £400,000 to export sales and this meant the home trade profit rose to £171,000 and profit on exports jumped to £765,000. The effect on home sales profits was that the company exceeded its allowed profit margin of 7.5 per cent.

Profits

To regain its reference level, the company maintains that it needed to reduce selling prices by more than the £21,800—the amount by which profits exceeded the allowed level. The figure they assessed was £23,300, which meant that instead of a profit of £150,000 as originally allowed, the company had to settle for £148,500 after reducing its selling prices. If the company were then to increase its exports but not its home trade sales, the pro-rata split of fixed costs would exacerbate the adverse effect on home trade profits.

To resolve the problem, the company diverted its efforts towards selling low-profit products—on which there was not a realistic return—in order to reduce the average percentage of domestic profit. Such a move, however, meant that the market in the low-profit products was being distorted to the disadvantage of domestic competitors and at prices "unrealistic in market terms," maintains the industrialist. He also feels that the distortion may in time become permanent, with extremely adverse results where competitors are concerned.

The figures relate to a period prior to the latest revision of the Code, but the company maintains that very little benefit arises from the recent changes and that its reference level is improved by less than one per cent.

A further grumble by the company, which is U.S.-owned, is that its capital investment programme was unrealistic under the previous Code and that while the new provisions have eased the situation sufficiently for it now to go ahead with its plans, it is doing so only by taking a view on when price restrictions will be relaxed rather than on the immediate viability of spending such a sum of money.

The gist of the argument is that with a unit price of 11p for goods to be manufactured allowed under the previous Price Code and investment relief set at 20 per cent. of capital investment in any one year, a positive cash flow and profit on the investment would emerge only in the fifth year. The new provisions allow a unit price of 12p, investment relief of 50 per cent.; a positive cash flow in the fourth year and profit in the fifth year, which are not felt to be satisfactory. The company maintains that a realistic "free market" price would be 16p.

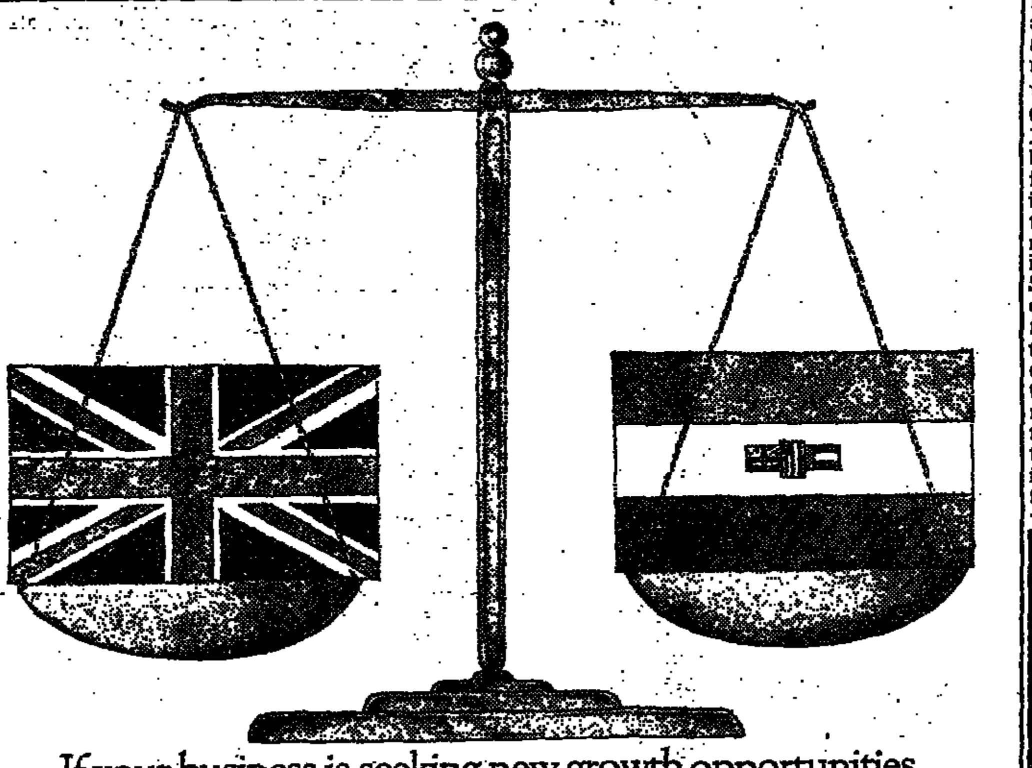
Hefty cost of the Price Code

A HEFTY administrative cost may well be involved in meeting the requirements of the Price Code, according to the National Institute Economic Review. In a recently published report, The Effects of the Price Code, the Institute states that the average expense incurred by manufacturers involved in disclosing such information was £47,000 a year. However, the range of costs varied from as little as £1,000 to as much as £150,000.

Of those companies covered by the Institute's report under two-fifths of manufacturers, and only one quarter of distributors, had incurred "significant" extra costs. The proportion of those incurring additional expenses was found to be "particularly high" at 75 per cent. in the food, drink and tobacco industries; the lowest was the vehicle industry at 17 per cent. Largest average expenses incurred by companies in the metals and engineering group was £61,000.

In companies where additional staff had not been engaged two-fifths had done some internal reorganisation of staff—"or, perhaps more accurately, a significant re-allocation of staff time, often involving senior financial management." This was particularly so in chemicals and oils.

The main result of administrative changes was greater centralisation of pricing decisions, involving greater input of financial, as opposed to marketing, information. The Institute maintains that this centralisation had beneficial effects by creating better understanding of costs at operating company level, a keener awareness of the relative profitability of products or markets, and a greater sense of discipline in relation to pricing generally.



BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Covenants to repair

Our window cleaner refuses to clean four windows in our offices claiming their bad state of repair makes it unsafe. We and our landlords agree with this, but not on who should pay for the repairs. I enclose a copy of the relevant clause (4) of the lease. Which do you think is right?

The clause which is part of the tenants' covenants reads in part—"To repair . . . the interior . . . including . . . door and window glass . . . provided that nothing herein contained shall impose on the tenants any liability for repairs of a structural nature and in particular to have all the windows cleaned once every month. . . ."

We think that the covenant at Clause 2(4) of your lease does NOT impose on you responsibility for repairing window frames (as opposed to the glazing). Windows have been held to fall within a covenant to repair the exterior of the building: *Ball v. Plummer* (1879) 23 Sol.Jo.656, and the express terms of your covenant do not alter that prima facie rule except for the window glass, which is taken out of that rule and made the tenant's responsibility. You have not, however, indicated whether the landlord expressly covenants to do any repairs. Unless there is an express landlord's covenant to repair the exterior the result would be that no one is responsible for repairing the window frame; so that, in practice, you would have to undertake that repair if you want to have it done. There is no rule that landlords are responsible for repairs not expressly made the tenant's responsibility.

Danger of pirate pieces

I left two of my silver sculptures on show at a gallery. These later disappeared and as their intrinsic value is less than £100 I was advised it was not worth taking action against the gallery. But *these pieces could easily be reproduced* and I am worried. What can I do?

You can only record carefully the circumstances of the loss and in due course rely on copyright if other pieces similar to yours are put on the market. We think that it may be desirable to pursue the claim against the gallery more strenuously than the mere financial calculation would suggest, in order to have a clear indication that you pursued your rights at that stage in the event of the appearance of "pirate" pieces later on.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

£1m. cash claim for the TUC

BY JOHN ELLIOTT

THE PROSPECT of rapid increase in the involvement of trade unions and shop stewards in company affairs through the extension of industrial democracy and the disclosure of company information to union negotiators is raising a major training problem. Up to now most of the 200,000 or so shop stewards operating in British industry have had to deal only with employment and labour dispute issues. Now their arena is being widened through legislation which gives them a say on health and safety at work, pensions, production and investment plans. There is also the prospect of their gaining seats on the Boards of major companies after the Bullock Inquiry on industrial democracy has reported.

This means that training is urgently needed to enable shop stewards and other union representatives to cope. The responsibility for this lies solely with the TUC and its individual unions because for the past 12 years or so union leaders have been carefully but firmly excluding both employers and the Government from any direct responsibility for the way union activists are trained.

As a result the TUC is in a position of wielding significant influence. In July it was given £400,000 by the Government to spend on training and now it wants another £1m. to provide a crash programme of industrial democracy training.

To-day the TUC's annual Congress in Brighton is scheduled to debate a resolution calling for special Government grants and the promoter of the resolution, Mr. Clive Jenkins of the Association of Scientific Technical and Managerial Staffs, will say that if shop steward training were to be mounted in the U.K. in the same way and on the same scale per capita as is planned in Sweden, £50m. a year would be raised from employers. He estimates that the total spent in the U.K. by the TUC and the unions, apart from any Government money, is only £1.25m. a year.

In the U.K. the new call for £1m. Government money comes from a calculation based on the probability that Bullock will recommend trade union worker representatives for the Boards of the country's 600 largest companies employing more than 2,000 workers. If each of these had up to four or five such worker directors, there would be between about 2,500 and 3,000 people in urgent need of training. If they were put on a crash four-week training programme costing an estimated £100 each per week, at least £1m. would be needed. This would be on top of the £400,000 agreed in July to be spent on TUC-organised regional day release courses, conferences for union tutors, and individual unions' residential courses.

TUC-organised training has mushroomed in recent years and is expanding from the traditional wage bargaining and labour dispute subjects to embrace safety, company balance sheets, corporate financial planning, management techniques and the law. In the current year it is estimated that it will include the provision, through public educational bodies, of 1,226 day release regional courses for over 18,000 students compared with 21 for 269 students in 1966, plus its own residential courses for full time officers and a new series of BBC television educational programmes.

> The TUC's hold over shop steward education is increasing with Government money and paid time off. But employers have little say in what is taught despite moves towards worker participation

In evidence to the Bullock Inquiry, the Society of Industrial Tutors, which represents many of those involved in TUC education, suggests that an Institute of Industrial Studies should be set up along the lines of the National Institute for Economic and Social Research with close trade union links to co-ordinate education and research and to collate resources. However, the TUC, which is jealous of its central and supreme role on trade union education, may not be too keen on giving academics such a responsibility.

Neither is the TUC prepared to share the work with employers even though industrial democracy is thought to be aimed at building co-operation between management and workers. "Joint training organised by management together with unions is more often than not a euphemism for training by management with the result that union members become indoctrinated. If you let Governments or employers have a say in union education in the name of participation, you'll be letting them write the union rule book next" is how one leading trade union official explained it to me.

Employers will be further pushed into the background by a provision in the Employment Protection Act, which is to be spelt out soon by the Advisory, Conciliation and Arbitration Service in a draft Code of Practice, for employers to have to give shop stewards paid time off for trade union training even though they themselves will not be responsible for what is taught.

Ten years ago the TUC was prepared to acknowledge, in national agreements with employers, that management should have a say when paying for training time. But gradually the TUC has swung away from this line and finally broke with the idea of joint responsibility in 1972 when the former Commission on Industrial Relations tried to formalise the situation. Now, although individual unions often do co-operate with managements—managers spoke at about one-third of the TUC day release courses last year—the main union view is that employers should not be given an opportunity to provide their own schemes because this might enable them to argue that further work-time union training was unnecessary.

Employers individually often complain that this inhibits logical joint training but in practice the CBI has so far shown little inclination to make the problem a major issue. This may partly be because it would not want to have to make a bargain whereby unions were given a responsibility for management training (an idea mooted by the CIR in 1972).

Now however, with union influence moving wider into corporate and economic fields, some employers want a tougher line taken and are looking to the Manpower Services Commission for a lead. The influential TUC presence on this Commission, however, makes this somewhat unlikely. It seems to mean that, however much industry may dislike it, the worker directors and participating shop stewards of the future will be trained in company time with Government funds but with only the TUC in charge of what is taught.

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WEDNESDAY, SEPTEMBER 8, 1976

Labour bogies on parade

EVERY LABOUR Government has to live with its built-in Left-wing opposition, which to some extent operates as the Labour Party's conscience, reminding its embattled leaders of worthwhile causes — the plight of the disabled, or the need to abolish the poverty trap in the tax system, for example. Such an opposition could also, it might be hoped, be a source of new thinking, and therefore of great value to leaders pre-occupied with day-to-day management; but this is a hope which cannot be sustained by anyone who listens to what the Left actually says. If a loud laugh bespeaks an empty mind, it seems that loud heckling shows a mind cluttered with the lumber of a generation of error and over-simplification. It is increasingly wearying even to list the Left's proposals for solving our problems.

Broadly, their proposals fall into three groups: attacks on a supposed conspiracy by the Establishment, the City or some such vague entity to prevent economic progress; proposals to retreat into a siege economy; and proposals which assume that the State can create resources out of thin air. All of them can be traced back for at least 50 years, and many have already been tried and found wanting in other countries.

Conspiracy

The conspiracy theory seems to find its home in the National Executive Committee of the Labour Party, which has now brought up as an official proposal an idea which is probably older than the Labour Party itself, the nationalisation of the banks. There are two strands of thought here: the Bank of England, already nationalised, requires to be "socialised," while the banks and insurance companies should be taken over to make funds available to industry. It is no doubt very annoying to be reminded from Threadneedle Street that some spending proposals would debauch the currency; but if the NEC imagines that "socialisation" would prevent this, they should study the totally orthodox policies pursued by the central banks in the Communist countries.

The control of financial intermediaries is proposed by those who seem unable to understand the flow of funds in the economy, and to overlook the endless studies which show that the availability of funds is about the one problem which British industry does not face, with the possible exception of a few small companies. The cost of funds, resulting from inflation and Government borrowing, is a severe problem; and so is the available return on investment. Neither of these problems would be touched by bank nationalisation—which seems to have made little detectable difference, one way or the other, in the countries such as Italy (now in deep trouble), France (drifting into deep trouble), or Austria (doing rather well), where it has been tried.

Escapism

Perhaps the NEC, like some of the trade unions, believes that private enterprise institutions are somehow spiriting the capital which British industry needs abroad; control of capital exports is another hoary old demand. Like the woman in the story, the bogey-hunters do not want to be confused with facts—about exchange controls, for example, or the fact that the whole outflow this year has been of foreign-owned capital, as is shown by the balance of payments figures published to-day.

It would be tedious to go through the whole catalogue of import controls, price controls, subsidies and taxes which are supposed to hold an effortless answer to our problems; they all speak the same refusal to face realities or, where they are faced, a determination to erect a legislative wall against them. The result, however, is tragic, for it shows that in spite of all the undoubted concern and goodwill which motivates the best of the Left, it has long since run out of constructive ideas. The reforming party of 1945 now rests its main claim to office on its supposed ability to handle the unions in difficult times; and in Brighton this week, even that claim is being tested.

Some pitfalls of devolution

THE Government's plans to devolve powers to Welsh and Scottish assemblies are full of pitfalls, not the least of which is the likely effect on other regions in the kingdom. The Celts may be particularly vociferous at present, but Englishmen are well able to take notice of what is happening in the outlying parts of the country, and to demand a fair share. No one is yet suggesting that, say, a Midlands National party would, if now set on the path of the Scottish nationalists, do as well as the SNP or anything like it, but the prospect of English protest movements is already imminent.

Warning signal

The first signs of this came before the Parliamentary recess, when a number of English MPs, in both major parties, began to question the devolution plans, and to ask what was in them for England. A more definite warning signal has now come from the North of England Development Council, whose "Statement of Claim," published yesterday, could almost have been drafted with the future prospects of a local National Party in mind. The chairman of the council is Mr. Edward Short, until recently the Labour Minister responsible for the earlier version of plans for devolution to Scotland and Wales. The claim in the North of England Development Council's statement is simply for equity of grant for the purposes of attracting industrial capital to the region—but its tone is sharp.

The principle of parity between the regions of the United Kingdom in grant allocations made to the big five Development Councils is "fundamentally threatened" by the creation, funding and powers of the Scottish Development Agency and the Welsh Development Agency, says the statement. This is a definite change in their favour in spite of the Government's indications that the National Enterprise Board will "hold the ring," it goes on.

"The North of England does not ask for charity," it proclaims. "In our turn, no more nor less than Wales or Scotland, for this Region of England, we ask for common justice." A meeting is now being sought with the Secretary of State for Industry, Mr. Eric Varley, at which these ringing phrases will presumably be more moderately expressed.

The immediate issue at stake is not one that should be taken too seriously. But its function as a warning of what might follow devolution to Scotland and Wales is clearly most useful. The North of England Development Council speaks for a region whose self-help in economic planning and industrial regeneration has been growing into a model that other areas might well emulate. The individuals working up there—whether they be local or drafted in from Whitehall—constitute a team with strong loyalty to the interests of the region.

Identities

Others might in due time be expected to follow suit. The Midlands, the far West, East Anglia, all have their own geographical identities as planning regions. If funds and attention and eventually local powers are devolved to that part of the U.K. that has made the most noise—Scotland—then the idea that such protestations bear fruit will be firmly implanted in some minds. This is not to say that such a development would necessarily be a bad thing: those who favour regional autonomy will welcome it. Those who fear the consequences of leaving too many spending decisions to provincial politicians and civil servants will think otherwise, but this is not the point at which to argue the merits of either view. What needs to be grasped at the present stage is something that is only now beginning to sink in: it will be very difficult indeed, if not impossible, to seal off the consequences of devolution at the Welsh and Scottish borders.

Ian Smith prepares to rally his forces

BY TONY HAWKINS

AS DR. KISSINGER prepares for his shuttle diplomacy in Southern Africa, there is little to suggest that white Rhodesians, increasingly isolated as they are, accept the need to come to terms with the African nationalists.

Three weeks ago, the Rhodesian Prime Minister, Mr. Ian Smith, while appealing for U.S. participation in the search for a Rhodesian settlement, told Parliament in Salisbury that there was no question of a solution being "imposed" from outside. On the face of it, unless the U.S. Secretary of State has persuaded Mr. John Vorster that the time really has come to pull the rug out from under the 278,000 white Rhodesians, there will be no Rhodesian settlement at this time. As recently as last Sunday in Zurich, the South African Prime Minister publicly rejected suggestions that he should force Mr. Smith to accede to the Callaghan-Kissinger demands for black majority rule in Rhodesia within 18 months or two years.

Although, as military and economic pressures have mounted over the past few months, the Smith Government increasingly accepts the need for some sort of settlement, the 18-month formula is rejected out of hand—not only by the ruling Rhodesian Front, but also by more moderate white parties, such as the opposition Rhodesia Party. Mr. Smith has run into fierce rightwing opposition from within his own party because of his acceptance of the majority of the (minor) reforms recommended by the Quenet Commission on Racial Discrimination. These will do away with "petty apartheid" in Rhodesia and restore the situation that existed in 1961-62 before the Front came to power.

Behind closed doors

Criticism of Mr. Smith's "liberalism" has already been voiced in Parliament by his backbench supporters and will be vigorously repeated behind closed doors at next week's Rhodesian Front Congress being held in the border city of Umtali. The 600 or so delegates will assemble next Wednesday in uneasy and troubled mood, their mood of unease having deepened in the past few days as they have watched Rhodesia being discussed in Zurich by two foreign governments.

They have two main grounds for alarm. First and foremost, the country's political future. Although Mr. Vorster says that he will not exert pressure on Rhodesia, does he really mean it? Has he been "bought off" by Dr. Kissinger with promises of future co-operation? Mr. Smith will have to reassure his party supporters on these points. To that end, he must be very anxious indeed to meet face-to-face with the South African Prime Minister sometime next week.

Secondly, there is the deteriorating security situation. True, the successful raid into Mozambique last month, in which it is claimed, more than 300 guerillas were killed, appeased hardliners in the party to some degree, but there is still a strongly held feeling that security forces should be given greater freedom to retaliate against Frelimo and against Mozambique-based guerillas by making hot-pursuit attacks across the border.

The Front wants more vigorous prosecution of the war—at home and in Mozambique and, if need be, Zambia as well—allied with tough action against nationalist politicians who make "subversive" statements.

Depressingly slow

In a war situation, all this is predictable enough and it would be surprising to find a governing party expressing any different sentiments. There is no difference of opinion within the party on these issues. But when the need for positive actions to try to achieve a political solution to the constitutional dispute is raised, the deep-seated ideological differences within the party start to surface.

Grouped around Mr. Smith and encompassing most of the Cabinet are the "moderates," the believers in what they call "meritocracy." Progress towards this meritocracy has been depressingly slow. Mr. Smith has appointed four tribal chiefs as full Cabinet ministers and three independent (tribally elected) African MPs as junior ministers. More are to be appointed but not it seems from inside the present Parliament, and legislation is to be brought forward this session to allow the Prime Minister to bring extra-parliamentary blood into his Cabinet until the next election. Mr. Smith has promised to appoint black army and police officers for the first time. He has described his Government as "a national coalition" arguing that the presence of black men in Government shows that Rhodesia is not engulfed in a racial war but both blacks and whites are fighting communism. Not only are there more blacks than whites in the regular army and police, but many more black civilians are dying in the war and, in his view, it is the blacks who will need compensation—as much as, if not more so—than the whites should there be any early handover to majority rule.

Within the Front, there are two groups that are unhappy with Smith-style meritocracy. On the one hand, there are those who support Mr. Smith's conduct of the war but who disapprove of black Cabinet ministers and of the Quenet-style race reform.

What happens if Mr. Vorster (left) pulls out the rug from under Mr. Smith (right)?

More important than this group are the confederationists—those who believe that, even at this late stage, Rhodesia can and should change political direction, establishing two black states and one white state under a federal umbrella. The two black states—one for the predominantly Shona people and the other for the Matabele—would have considerable autonomy rather along the lines of the Bantustans in South Africa, but ultimate control over defence, finance and so on, would lie with the federal authority, which would remain under white control. Variations on this theme—the idea of Swiss-style cantons is another—have been put forward from time to time and have the support of those within the party convinced that the *status quo* cannot be maintained for much longer and that a multi-racial state leading to early majority rule would spell ruin for the whites.

The Nkomo talks

At last year's RF congress, protagonists of this idea appeared to be attracting considerable support until Prime Minister Smith stood up and in an energetic 50-minute speech convinced delegates that it was a non-starter and that his own plans either for agreement with the Nkomo wing of the ANC or the much-publicised new initiative (Quenet reforms, the black Cabinet ministers and black officers, etc.) would stand a much better chance.

A year later the Nkomo talks have ended in deadlock demonstrating the enormous gap between the whites and the most moderate of the nationalist groups, whose new initiative launched with little forward planning and enthusiasm, has fallen flat on its face at home as well as abroad. This ought to mean that there is scope for the supporters of the federal ideal to launch a counter-attack, but Mr. Wickus de Kock, the most prominent member of this group, who resigned from the Smith Cabinet late last year appears to have lost heart of late.

All this might tend to suggest that the party congress will pass off without incident, aside from the normal once-yearly letting off of steam by the vociferous Right-wing. But there are two reason for believing that this will not be the case: first, there is the mood of unease—concern about the security situation, the high level of white emigration, now running at more than 9,000 whites a year, the slump in business morale, the fall-off in investment, and the transport congestion which has reportedly resulted in a build-up of some £50m. of Rhodesian exports in recent weeks because South African Railways cannot move the traffic to the ports.

Because of this situation the delegates will be far less inclined than in the past to accept at face value Mr. Smith's assurances that he has "probably got quite a few new proposals" (as he said last month) for solving the dispute. The days of standing ovations and blank cheques to do what he thinks best are gone.

More immediately there is the Kissinger initiative. It would be completely out of character for Mr. Smith to buy a package of paper and financial guarantees in return for a speedy handover to black rule. If pushed to the brink by Mr. Vorster threatening to cut off his transport routes or arms supplies, Mr. Smith would rather resign than agree to what he would call "capitulation." In this event, the Front—and the bulk of the country's whites—would rally to his support rather than follow any white politician willing to accept Dr. Kissinger's package.

Strains and tensions

But whatever the outcome of the shuttle diplomacy, strains and tensions within the ruling party will increase. The fact that a right winger, Mr. Des Frost, is being challenged for the important post of Party Chairman by the moderate Col. Mac Knox—himself firmly in the Smith camp—is a sign of the times. Victory for Col. Knox could split the party with the right wing finally losing patience with the Smith Cabinet. But it would be wrong to make too much of these fissures within the hitherto monolithic facade. The old adage about hanging together rather than hanging separately still applies.

If the RF is unlikely to agree to the kind of political solution that the West (and possibly South Africa too) believe must be imposed upon Rhodesia, what then of the white opposition? The moderate Rhodesia Party which won some 15 per cent. of the votes but no seats in the 1974 election, has been attracting new members and large audiences at a series of meetings it has been holding. But this is more a reflection of the mood of unease — of a searching for answers — than of any conviction that Mr. Tim Gibbs, Mr. Allan Savory and Mr. Nick McNally can provide a way out. The RP has a plan for a five year transition to black rule—already overtaken by Mr. Callaghan's two years (or 18 months). If there were to be an election to-day one suspects that the RP would do no better than last time and possibly even worse, because those who believe that radical change is necessary are voting with their feet and emigrating. The National Pledge Association which is canvassing support on a non-party basis for elimination of race discrimination is said to have attracted a mere 15,000 signatures (many of them from non-voters) — or about one in ten of the adult white population — hardly evidence of widespread enthusiasm for change.

Metropolitan power

Nowhere in Africa has a white minority, in control of its own affairs, handed over the reins of power to the black majority. Always, there has been a metropolitan power which has made the decision. Rhodesia never had a metropolitan power in that Britain never had civil servants, police or army there taking orders from Whitehall. Ironically though, after nearly eleven years of "independence" Rhodesia has acquired a "metropolitan power" based in Pretoria. One way or another, it is Mr. Vorster who will call the shots after the Zurich meeting and the real significance of the party congress will lie in its reactions to what the South African Premier calls his policy of "non-interference" in Rhodesia's affairs. If this congress is to be a decisive one it will not be because white Rhodesia believes it is time for radical change, but because Washington and Pretoria between them, have convinced Mr. Smith and his Cabinet that there is no other way.

The signs are that the Front will take a good deal of convincing. Many white civil servants, police, soldiers, businessmen and farmers see no future for themselves after a handover to black rule, whatever the guarantees. They would prefer to fight, arguing that a moderate black government next year is really no better than a Marxist black administration in five years' time. Above all, they doubt whether any moderate regime would last.

MEN AND MATTERS

Another Magna Carta for America

"Most annoying," chuckled the Dean of Lincoln good-naturedly. "I wish I'd thought of it." The idea of sending a second original of Magna Carta to the United States (one is already on loan and on show in the U.S. Capitol) for the benefit of the Western seaboard is actually down to Standard Chartered Bank, which has arranged for the Lincoln "edition" to be exhibited in California next month.

The bank's excuse is that it has substantial interests there through its subsidiary The Chartered Bank of London. The Magna Carta sent to Washington is one of two held by the British Museum and is thus an official loan from the British Government as part of the bicentennial (almost forgotten already?) celebrations.

After King John and the barons left the negotiating table in 1215, 20 copies of Magna Carta were sent round the country to spread news of the agreement. Only four have survived. Apart from the British Museum's pair, one is in Salisbury Cathedral and the other is the property of Lincoln Cathedral which is now to loan it to California.

This is the second time Lincoln's copy has gone to the States: it went out for exhibition in 1938 and remained during the last war. This time, it will be on show in Chartered's banking halls in San Francisco and Los Angeles. How Magna Carta will get there and how much the exercise is costing Standard Chartered is not being disclosed.

"Intensive security" is promised, which presumably will mean stony-faced gentlemen with firearms. The Dean, the Very Rev. Oliver Twistleton-Wykeham-Fiennes, who will keep a personal eye on the historic relic in California, yesterday declared himself "perfectly happy" with the arrangements and the "very great precautions" taken, though he preferred not to discuss them.

"He always gets a touch of mal de mer when he reads about his Poseidon shares."

Shark tales

If the word "shark" means little more to you than a potentially homicidal and best-avoided habitué of the deep, then you're slipping behind the times. Shark meat is becoming increasingly popular as a British delicacy, though it is still rather hard to obtain.

Shark in this case means the larger and therefore more dangerous variety. Most of us have eaten meat from smaller members of the shark family like spotted dogfish and bull huss which for years have formed a staple part of the traditional fish and chip menu.

Meat from bigger sharks has long been a staple food in Africa and India. Continental diners have been keen on them too, but most of the sharks caught by Norwegian fishermen off the Scottish and Irish coasts, though landed here, go to French and Belgian plates.

Shark meat's rising popularity among Britons is reported by the *Caterer and Hotelkeeper* magazine, which forecasts that although the price per pound is bound to be pushed up by rising demand, "at the moment it still represents first-class value for money." There is little bone in "local" sharks like blue shark and porbeagle, and so, little waste.

A popular belief, apparently, is that all sharks eat garbage. Not so. Sharks caught around the British coastline are keen on mackerel and herring. Therefore there is no danger, the magazine says reassuringly, of "foul flavours" being impregnated.

Banking news (?)

Of all the nationalisation objectives dear to Labour left wingers' hearts, proposals about the financial sector seem to carry just that extra touch of unreality. Even within Labour's National Executive Committee there have been more than usual doubts expressed about the quality of thought which underpins the document issued yesterday on the NEC's ideas for the public ownership of banking and insurance.

Such worries explain the document's separate appearance from the main work to be put to the party conference this month entitled "Labour's Programme 1976." The banking and insurance plans are, of course, many miles from the statute book. But the young beavers in their 20s and early 30s who produce such plans (yesterday's was the work of party research secretary Geoff Bish and 12 assistants) like to claim that their political commitment gives them a grip on reality denied to any civil servant.

The cabinet committee of civil servants set up to handle Anthony Wedgwood Benn's Industry Act last year brought some of Labour's young special advisers and senior civil servants face to face, and one of the latter is recalled as fuming: "Pray remember that what you mean by the 'real world' is the Labour research department and its trade union equivalent. They have as little bearing on reality as Whitehall!"

Yesterday's presentation could encourage those who argue for more funds to improve the quality of research at party headquarters, and perhaps those who support the suggestion made by the Trade Secretary Edmund Dell that there should be a civil service staffed Department of the Opposition.

At all events, the joint NEC-Cabinet meeting which will decide the next Labour election manifesto should see the likes of Denis Healey and Shirley Williams watering down the research people's more extreme suggestions. An Anthony Crosland remark of 1974 might seem apposite: "Why don't we nationalise Marks and Spencer and make it as efficient as the Co-op?"

Exports

This story could well be apocryphal but a friend swears that it is true. A senior Bank of England official was recently asked why the Bank did not send over observers to the United States to see how they managed their money supply and suchlike since they seemed to be considerably more successful at it than we are. He is reported to have replied: "Oh! We have done repeatedly—but they never came back."

Observer

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AUSTRALIA

The constitutional crisis which led to the Labor Government's replacement by a coalition headed by Mr. Malcolm Fraser gave rise to controversy that has not yet died down. This crisis and the continuing economic recession have led Australians to question many aspects of the country's structure and development.

Many issues to be solved

By Ian Davidson
Foreign Editor

ON NOVEMBER 11, 1975, Sir John Kerr, the Australian Governor General, dismissed the Labor Government of Mr. Gough Whitlam, because of his inability to get the Government's supply bill through the Senate, in which the opposition Liberal and Country parties had a slender majority. In the general elections for the two houses of Parliament which followed just over a month later, on December 13, the Liberal-Country Party coalition led by Mr. Malcolm Fraser won the most overwhelming victory in the history of national government in Australia. The 6.5 per cent. swing against Labor reduced its share of seats in the House of Representatives to 36 out of 127, or 28 per cent. (even though its share of the national vote was nearly 43 per cent.). The Liberals, with 42 per cent. of the national vote, won 68 seats (well over half), while the National Country Party won 23 seats.

By rights, the result of the general election should have expunged the constitutional crisis caused by the unprecedented intervention of the Governor General. In the ballot box the Australian people appeared conclusively to have endorsed the Governor General's action, however eccentric it may have seemed in strictly constitutional terms, and to have ratified in the most conclusive terms the dismissal of Mr. Whitlam. Yet it is clear, nine months later, that the constitutional issue raised by Sir John Kerr's action has not gone away, and it is difficult to believe that it will quickly be forgotten. Many people who were glad to see Mr. Whitlam go were and remain shocked at the manner and method of his going. Public demonstrations against the person of Sir John Kerr have shrunk sharply, but the political and legal controversy remains very much alive.

On the surface the constitutional crisis concerns the authority and role of the Governor General—who in this case, ironically, had been appointed by Gough Whitlam. In reality the controversy revolves, and will continue to revolve, around the relative powers of the Senate and the House of Representatives. On paper, no doubt, it can be argued that the Governor General has the power to dismiss a Prime Minister, as Sir John Kerr did. The question is whether it is politically acceptable for an official who has no popular mandate to intervene in an essentially political dispute between the two houses of parliament.

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One view would be that the Governor General's intervention merely served to refer the dispute to the electorate. But it may also be argued that, if it requires the non-elected representative of the Queen to exercise powers that would never be exercised by the Queen herself, then there must be something seriously wrong with Australia's constitutional and electoral arrangements.

Colourful

That there is something wrong, in terms of equity, with Australia's constitutional and electoral arrangements is scarcely debatable. In South Australia the Labor Government under the colourful and impressive State Premier Mr. Don Dunstan, has introduced electoral boundary reform which ensures regular adjustments to constituency sizes to correspond to the numbers of voters. But in other States prolonged Liberal-Country Party rule has prolonged gerrymandering, which heavily favours rural voters. Conservative voters are also favoured by the federal arrangements for the Senate, by which each State gets an equal number of seats, regardless of population, to the disadvantage of the heavily populated States like New South Wales and Victoria. The conservative parties have therefore a good chance of a blocking position in the Senate, even if they are outnumbered in the House of Representatives; there is thus no reason to assume that the deadlock between the two houses which occurred in 1975 will not recur, or that the Governor General of the day will not have to decide whether to intervene to break the deadlock.

There are some in Australia who believe that the 1975 constitution crisis will lead Australia to become a republic sooner or later. The abandonment of quasi-monarchical forms would certainly be consonant with the tide of history, though it would be surprising if the Queen were not greeted with immense popular enthusiasm when she visits the country next year. But unless Australia were to have a directly elected President, republicanism would hardly solve the problem of potential conflict between the Senate and the House of Representatives. And in essence this conflict is entrenched in the federal nature of the Australian constitution. A series of important powers, like foreign policy, defence and the raising of income and company tax, belong to the Commonwealth or have been ceded to it by the States; but all powers which have not been explicitly handed over to the Federal Government in Canberra belong to the States. Partly because of the size of the continent and the remoteness of Canberra, the States remain exceedingly jealous of their quasi-autonomy, and among the many factors which led to the downfall of Mr. Whitlam, one was his failure adequately to secure the co-operation of the State governments.

Complexity

Over the years the Federal-State relationship has led to immense complexity in the allocation of public revenues, with almost continual haggling over which States should get what share of the national tax take. Malcolm Fraser's Liberal-Country Party coalition has instituted a federalist policy, whose main effect will be to give the States an automatic share of the national income-tax revenues. Ostensibly the purpose of this change is to shift the balance of power away from Canberra, and to make the State Governments both more independent and more responsible for their acts. Behind the rhetoric, however, lies a tacit recognition that Australia's federal system can only be made to work effectively if there is more cooperation between Canberra and the State capitals, and that such cooperation is bound to be hampered by the unpredictability of the perpetual haggle over money.

Australia's image abroad has in the past tended to suggest that it is one of the last bastions of unreconstructed free enterprise, and that it is the natural home of conservatism and political apathy run riot. According to this view, the three years of Labor Government under Gough Whitlam, besides being a disaster from the point of view of economic management, were an aberration, and Malcolm Fraser's landslide victory represents a return to another long period of Liberal-Country Party rule.

This would be an over-simplified assumption, for it would imply not merely that the Labor Government was not a symptom of a new volatility in the electorate but also that it failed to make any fundamental changes in the political equation of Australia. The age structure of the population means that the young—who are bearing and will bear much of the brunt of unemployment—will carry increasing weight in the electorate. A large proportion of the urban workforce were born outside Australia, and they will not necessarily follow traditional Australian patterns. Unless, therefore, Malcolm Fraser is remarkably successful in leading Australia out of recession into a period of full employment, it seems reasonable to suppose that there will be far greater volatility than during the 1950s and 1960s.

Gough Whitlam was defeated at the polls because his Government had been erratic, incompetent and inflationary, but he gave political debate an importance and an interest it had not had for 23 years. Above all, he broke the stultifying spell of the Menzies era. Whitlam's diplomatic pirouetting abroad may in retrospect seem faintly absurd, but at least it obliged Australians to re-examine a foreign policy which consisted mainly in a slavish allegiance to the United States. The recognition of China, the Basic Treaty of Friendship and Co-operation with Japan, the fundamental review of Australia's defence policy together represent a major rethink of Australia's position in the world, which was started under Whitlam and continued under Fraser.

What Mr. Whitlam failed to achieve was any satisfactory reorientation of Australia's domestic political and economic goals. His rush into welfarism was too rapid to be digested at a moment when the world was going through economic upheavals, and his style of government was too haphazard to inspire confidence. In the end it was perhaps his lack of interest in and his lack of understanding of economic issues which led to his downfall. The Fraser Government has reverted to a rather crude form of economic conservatism, and it may or may not bring home the economic bacon.

If it does — if there is a slow but steady recovery over the next two years — then obviously the Fraser Government will be well placed for re-election in 1978. By the same token a successful run by the Liberals could well undermine the credibility of Mr. Whitlam as Labor Party leader, and strengthen the hand of those who want to replace him by Mr. Bob Hawke, the leader of the Council of Trades Unions. But it would be premature to assume that the welfare issues raised by Labor's term of office will simply ebb away under the influence of conservative economic management under the Liberal-Country Party coalition. For though Australia is in many ways still an Eldorado, it is also a highly urbanised society, subject to all the stresses and strains of urban societies the world over. To be sure, the debate on these issues is scarcely being sustained by the uninspiring rump of the Labor Party which is left in Parliament. But the issues themselves — urban congestion and decentralisation, public versus private education, the restructuring of industry and the role of the unions — will not go away just because the Liberal Party wants to reduce the scale of Government.

Recovery likely to be slow

	1974-75	1975-76 Sept.	Dec.	March	June	Total
BALANCE OF PAYMENTS ($Am.—Not seasonally adjusted)						
Exports	8,434	2,102	2,387	2,329	2,625	9,343
Imports	−7,662	−1,861	−1,905	−2,030	−2,096	−7,892
Balance of trade	772	241	382	299	529	1,452
Net invisibles	−1,708	− 497	− 534	− 540	− 721	−2,292
Balance on current account	− 935	− 256	− 151	− 241	− 192	− 840
Balance on capital account	471	− 31	− 572	226	198	− 180
Net monetary movements	− 464	− 287	− 723	− 15	6	−1,028

With something of a time-lag behind the major industrial countries like the U.S., Germany and Japan, the Australian economy is beginning to emerge from the recession. But the recovery in output is still slow and likely to stay that way for the next year or so, and the progress achieved so far in slowing down inflation has been mainly the result of deflationary fiscal policy whose effects on the level of unemployment—already very high by traditional Australian standards—have yet to be fully worked out.

Opinions differ over how far the inflationary slump in Australia was part of the worldwide phenomenon, and how far it was domestically generated. There can be little doubt, however, that the problems were exacerbated by the speed with which the Whitlam Government in its brief three-year tenure of office stimulated wage increases and expanded social welfare programmes.

Expenditure in the federal budget in 1974-75 was 46 per cent. higher than in the previous fiscal year, and though the rate of increase in government expenditure was slowed down in the next Labour budget to 23 per cent., as the lessons of the inflationary consequences began to sink in, the proportion of Gross Domestic Product going in government expenditure continued to rise. Having fluctuated around 24-25 per cent. for many years under the long-standing Liberal-Country Party governments, this ratio rose to 30 per cent. in 1974-75, and to 31.4 per cent. in the fiscal year 1975-76 just ended.

The consumer price index moved up in parallel, by 12.9 per cent. in 1973-74, and by 16.7 per cent. in 1974-75. In the past twelve months the consumer price index has risen by 12.3 per cent., but average weekly earnings have gone up by around 14 per cent., and the sharp increase in employment by the public sector programmes instituted under Whitlam has not been as large as the subsequent decline in private sector employment.

Priorities

The two top priorities of the Liberal-Country Party coalition elected last December under Malcolm Fraser have been to fight inflation and, predictably, to restore the traditional bias in favour of the private sector. On both counts they are being obliged by circumstances to adopt a policy of gradualism.

The key to the inflation problem so far has been the movement in wage rates. Throughout most of last year the Arbitration and Conciliation Commission, which plays a central role in the drawing up of wage agreements, awarded increases which were indexed each quarter to the consumer price increase. This year, however, at the urging of the Government as well as the employers, its awards have been less than fully indexed to the CPI, though with a bias in favour of those on low incomes.

It has, of course, been helped in its attempt to hold down wages by the high rate of unemployment, which now stands at 4.7 per cent., or four times the level that Australia had become used to during the 1950s and 1960s. But it remains uncertain whether the unions' relative acquiescence in the fall of their members' real incomes will be reinforced or undermined by the prospect of a further increase in unemployment as the school-leavers join the job market at the end of this year.

The Government is forecasting a 4 per cent. growth in non-farm products over the next twelve months; but most of that growth is likely to occur in the first half of next year rather than the remainder of this year, more than half of it would be due to improvements in productivity, while the labour force is expected to grow by 2 per cent. The prospects are therefore for high continuing unemployment.

There are two factors which suggest that the unions may, by and large, acquiesce in the Government's attempt to hold down wages. The first was the Government's announcement in May that in future personal income-tax would be fully indexed to the consumer price index. While this was no doubt partly intended as an earnest of the Liberal Party's intention to limit the public sector, it will also alleviate the impact of inflation.

The counterpart to this move was a decision to finance the national health scheme (known as Medibank) which had been launched by the Whitlam Government, by a levy of income rather than through general taxation. The Labor Party and the unions were incensed, not merely by the levy but by the fact that it was designed to force the better-off to take out private health insurance instead, but the one-day national strike called by the unions in protest proved a flop.

There is and will no doubt continue to be unrest in particular sectors; the oil industry unions, for example, are currently demanding a 35 per cent. pay increase. But it does not look at present as though the Government's pay policy has the makings of a politically explosive issue however unpopular it may be.

Yet even if the Government's strategy of slowly squeezing wages does succeed in bringing the rate of inflation down to less than 10 per cent. this time next year, Australia will still be facing a structural problem of its competitive position vis-a-vis the rest of the world.

First, even a 9 or 10 per cent. inflation rate will remain a good deal worse than the rate in, say, the U.S. though it could compare favourably with the position in the U.K.

Secondly, the wage explosion over the past four years has made Australian labour costs a good deal higher than in many competing countries, and it would take a long time to close this gap even with a zero inflation rate.

In 1972 labour costs in the Australian metal-working industry were only two thirds of those in comparable American industry; but by last year Australian labour costs had more than doubled, to stand 25 per cent. above American costs. In 1972 Australian steel plate cost fractionally less than Japanese plate, and was significantly cheaper than competing products from W. Germany, France, Britain or the U.S.; as of March of this year Australian steel plate was 40 per cent. more expensive than the Japanese product, having overtaken the other four countries as well.

WORKING POPULATION
('000; end-June. Percentage of total in parentheses)

	1966	1970	1975
TRADEABLE GOODS SECTOR			
Rural, mining, forestry and fishing	493 (11.3)	500 (10.2)	467 (8.5)
Manufacturing	1,263 (29.0)	1,377 (28.1)	1,303 (23.6)
OTHER MARKET SECTORS			
Wholesale/retail	654 (15.0)	731 (14.9)	834 (15.1)
Construction, electricity, gas, water	452 (10.4)	481 (9.8)	519 (9.4)
Transport and communication	329 (7.6)	362 (7.4)	392 (7.1)
Finance, property, hotels, etc.	369 (8.5)	471 (9.7)	568 (10.3)
NON-MARKET SECTOR			
Public authority, health, education, defence, etc.	736 (16.9)	919 (18.8)	1,163 (21.1)
Registered unemployed	59 (1.3)	52 (1.1)	270 (4.9)
Total	4,355	4,893	5,516

Mining

A similar adverse movement has affected the mining industry. For though mining is not a large employer of labour, the opening of new mines in remote areas of the continent, with all the attendant infrastructure costs of roads, housing, schools and utilities, is very expensive in labour terms. According to the mining industry, it now costs 30 per cent. more to open a new mine in Australia than it would a comparable mine in North America.

Under the full employment policies adopted after World War II, manufacturing industry developed in Australia behind high tariff walls, and even to-day, despite the 25 per cent. tariff cut made by the Whitlam Government, the Australian tariff on manufactured imports remains about twice as high as that of most other developed countries with the exception of New Zealand. If one takes account of tax and other incentives to manufacturing, the effective level of protection is even higher. Yet it is clear that protection has not sufficiently overcome Australia's natural disadvantages—a small domestic market of less than 14m. people dispersed round the rim of a vast continent—to provide a healthy manufacturing sector.

Difficult

Wage increases over the past four years have made it even more difficult for Australian manufacturers to compete with foreign producers, even on their home market. The reintroduction of quotas on car imports is circumstantial evidence that Australian-made cars enjoy the same sort of reputation in Australia as British cars enjoy in Britain, and for similar reasons. In the textile and clothing sectors, some companies are beginning to manufacture in other countries in South-East Asia, because the advantage of lower wages is much greater than the disadvantage of leaping the Australian tariff wall.

The obvious implication of these competitive problems is that the Australian dollar, currently linked to a basket of currencies and worth 70p sterling or US$1.24, is overvalued. But the Fraser Government has publicly and emphatically rejected devaluation, despite the pressure from manufacturing, mining and the rural sector, on the grounds that it would add to the problems of the fight against inflation.

It is also true that Australia does not have—or need not have—an overall balance of payments problem which would be likely to force a devaluation. Throughout the late '60s the trade account tended to fluctuate close to equilibrium, and while there has been a steady increase in the invisible deficit, the current account deficit has tended to be offset by capital inflows.

Under the Whitlam Government the pattern was disrupted by its explicit hostility to foreign capital, and in 1973-74 and 1974-75 the balance of payments moved into overall deficit. The Fraser Government has moved back to a more open-door approach on foreign investment; without abandoning the guidelines for new mining projects of 75 per cent. Australian ownership in uranium and 50 per cent. for other minerals, it has made it clear that these are only guidelines which will not be allowed to prevent new projects from starting up.

Xenophobia towards foreign capital is not the exclusive prerogative of the Labor Party, and there are those in industry who argue that Australia does not need, and should not rely on, capital inflows. Yet while incremental investment in existing mineral projects may be financeable inside Australia, it is difficult to believe that major new projects like the $A2bn. North West Shelf gas field could be funded without spreading the risk internationally.

While farm products still account for nearly half of Australia's total exports (compared with only 20 per cent. for manufacturers), their share of total exports has been steadily declining. Last year's exports of minerals, on the other hand, accounting for 28 per cent. of the total, were worth some $A2bn., and the Bureau of Mineral resources estimates that by the ear 1980s this figure could rise, constant prices, to betwe $A4bn. and just over $A6b Such a growth path assumes major investment effort and economic and exchange ra policy which would make maj new projects international competitive.

BASIC STATISTICS	
Area	2.97m. sq. mil
Population	13.58
GNP	$A58.5
Per capita	$A4,3
Imports from U.K.	
1974	£599
1975	£631
1976 (Jan.-June)	£326
Exports to U.K.	
1974	£311
1975	£288
1976 (Jan.-June)	£174
Currency	£1 = 1.43 Australian dolla

The dilemma for Australia that while its wealth lies in natural resources—traditional in the rural sector, but no increasingly in mining—neith of these industries provid much employment. Inde employment in these two secto has actually declined in absolu terms in the past ten years a now only accounts for 8½ p cent. of the workforce.

Although much more im portant in this sense, manufa turing too has seen its share the work-force decline fro 29 per cent. in 1966 to 24 pe cent. last year, and in the secon half of this decade there ha even been a decline in absolut numbers in manufacturing. A the growth in employment ha been in the tertiary sector an most spectacularly, in the publi service.

Last year the so-called Jacl son Committee produced Green Paper which attempte to grapple with the problems the manufacturing sector, an which argued the need for th elaboration of a coherent an explicit national industri strategy and, more specificall for a medium-term policy lowering the level of impor protection, It will be interestin to see how the Governmer responds when it produces it White Paper towards the en of the year.

Guided

An undiluted free trad policy would obviously be dif cult for a country with suc heavy transportation costs; bu the kind of guided liberalis tion advocated by Jackson im plies a degree of Governmen intervention, at least as arbite between employers and trade unions, which runs counter t the ostensibly free-enterpris philosophy of the Liberal Part A case in point is the moto industry, which is already frag mented and uncompetitive. Th Government had the opportunit to act to ensure that four cylinder engine manufactur would be rationalised throug some kind of pooling arrange ment between different ca producers; by declining t intervene it has ensured tha there will be even greater pro liferation in the industry.

By most standards Australi is still an extraordinarily luck country in economic terms. Th remarkable development of it enormous mineral resource came just in time to enable i to take in its stride the entry o Britain into the European Com munity, despite certain difficul ties for its rural sector. It mineral resources also give it degree of economic leverage vis a-vis the rest of the world, an a freedom of manoeuvre in th elaboration of domestic econ omic policies which is not avail able to countries less wel endowed by nature.

Yet it is difficult to avoi the impression that successive governments, whether Liberal or Labor, have given too little thought to the economic options facing Australia. A combination of happy-go-lucky and feather bedding has worked pretty well so far, but it may not work so well in future.

Ian Davidson

Playing a new game

IN THE wake of last year's general election results it was easy to believe that there had been a semi-permanent shift in the Australian political balance. It is not so easy to believe that now. Mr. Malcolm Fraser's coalition of Liberal Party and National Country Party members has a record majority in the house of representatives, but its honeymoon with the voters proved to be no more prolonged than usual because of that. For the Labor Party, the road back to credibility as an alternative government still represents extremely hard travelling, but its 43 per cent. of the vote last December is recognised as an entirely feasible starting point.

The problems of a government with majorities as secure as Mr. Fraser's can be too easily exaggerated. But there are some striking role reversals apparent already. It is now the coalition parties who complain that the good things they are doing are not getting across to the public: they are looking at ways of improving "communication," as propaganda is called once one achieves the respectability of office. Back-bench members of the present Government have found that they can make the cabinet have second thoughts, just as their predecessors did. The Labor Party in opposition is working vigorously to rewrite its policies, just as the coalition partners did when they were in opposition last year.

Australian politicians of both the Left and the Right have developed the curious practice of minimising their ideological differences in public debate even while they sharpen them up in the private conclaves that determine what they are really about.

Faith

There are some who say already that Malcolm Fraser is as revolutionary in what he is about as Gough Whitlam ever was at the head of a Labor Party Government. Mr. Whitlam is an avowed centralist, a believer in big government, the welfare state and the confident exercise and accretion of power. His Labor Party predecessors had done much the same things for 23 years without declaring it so openly or enjoying it so much. Fraserism is bent on winding down the role of Government, particularly at the centre, to an extent that is only now starting to be believed.

A determinedly anti-centralist Prime Minister is something new in Australian voter experience, and it remains to be seen how they will cope with it. Mr. Fraser displays an apparent limitless faith in the capacity of private enterprise to respond to society's needs, provided it is given room to move. He is an ardent believer in the rugged individualist—and an admirer of American novelist Ayn Rand's expression of such belief, sometimes dubbed "enlightened selfishness." At a dinner in Washington recently she described herself, after meeting Mr. Fraser for the first time, as his "philosophical mentor."

The Australian habit of looking more and more to government to right the wrongs and fill the gaps is, however, deeply ingrained. It may have reached a peak in the years leading to the Labor Party's period of office, when Mr. Whitlam constantly expounded the theory that only the national Government could respond effectively. The opposing theory, implicit in this year's budget—the Fraser Government's first—will make many Australians uncomfortable. That it has made some of them very angry is already apparent in the unprecedented demonstration against Mr. Fraser this month in Melbourne.

These habits of thought and attitude are ingrained in Mr. Fraser's own party as well as the community at large. It was only six years ago that the Liberals mutinied against the avowed centralism of their then Prime Minister John Gorton, but there is no certainty that that demonstrated a preference for the opposite extreme.

Nevertheless, the Liberal Party made Malcolm Fraser leader because they wanted strong leadership and he has given it to them. His personal style borders on the autocratic at times and party rules both allow and expect leaders of that inclination. Despite Mr. Fraser's professed respect for the formal proprieties of decision-making, the key decisions have usually been made by the so-called "leadership group" — Mr. Fraser and the deputy Liberal leader, Mr. Phillip Lynch, who is Treasurer; Mr. Douglas Anthony, Deputy Prime Minister and NCP leader, and his deputy, Mr. Ian Sinclair, the Minister for Primary Industry. Even within that group, Mr. Fraser is considerably more than one among equals.

Fortified by the security of its majorities in both Houses of Parliament, the Government has taken some tough and unpopular decisions in its first nine months of office. In a system where the elected term is a mere three years, that sort of start is no surprise, and almost the standard rule. There has to be scope for a more popular run-up to the next elections. There is, nevertheless, an impression of disappointment among some of the most fervent anti-Labor voters, many of them in the business community. This is largely the product of excessive expectations, but partly the result of pre-election commitments being suspended or reversed in line with changed priorities once the coalition took office.

Disappointments of this sort are easily forgotten if the reasons for them are proved correct. The Government's reasons have nearly all centred on the over-riding need to reduce inflation as the first priority. Whether they succeed in that remains to be seen. In the meantime, however, many of the members who constitute the huge Government majority are finding life difficult. It is a fact of life that many of them will be swept out of Parliament by the smallest swing back to Labor at the next elections. And having, as newcomers, no real voice in national policies, they tend to constitute a series of changing and over-lapping pressure groups concerned with regional issues.

Dangers

Mr. Fraser recognised from the start the potential dangers of a large and idle or fretful back-bench. He constituted a series of Government members' committees to deal with a wide range of subjects corresponding broadly with ministerial responsibilities. So far, they have generated a considerable amount of activity but few tangible results. Their members' feelings of involvement with policy-making have generally been stopped short by the predictable territorial jealousies of ministers and their public service advisers.

The same localised issues and reactions that tend to worry Mr. Fraser's back-benchers have even more direct impact on his colleagues in State politics. Earlier this year, the liberal Premiers of both New South Wales and Victoria recognised the probable unsettling effects of handling the Fraser policies at their own level and called elections ahead of time. Mr. Dick Hamer in Victoria survived very comfortably: Sir Eric Willis in New South Wales did not. In a cliff-hanging election, the Labor Party, led by Mr. Neville Wran, scraped into power, giving three of the six states Labor governments.

Nobody can ever be sure at any given time in Australian politics how far State and national issues will overlap each over. The unpopularity of Mr. Whitlam's Government very nearly brought down the progressive State Labor Government led by Mr. Don Dunstan in South Australia: now Mr. Dunstan is gearing up for an early poll to capitalise on the Fraser Government's expected post-budget unpopularity. Sir Eric Willis lost his election while his Canberra colleagues were still in their "honeymoon" period. Mr. Bill Neilson, Premier of Tasmania, seems prepared, on the same reasoning as Mr. Dunstan, to take his Labor Government into an early election despite the fact that only last year Tasmania swung from all-Labor representation to all-Liberal with its House of Representatives seats. Results obviously depend on more than generalised images influenced from Canberra, but the two levels of politics do affect each other to an extent that incumbents are unwise to ignore.

For all its common sense, the more open approach does not, of course, guarantee results. Neither does it mark the end of the Labor Party's capacity to sink overnight into bouts of destructive factionalism. The process will be put to the test next July, when the national conference — Labor's highest authority—assembles in Perth to review the Party platform. About the same time, the Parliamentary leadership comes up for review: nobody has worked out yet how to handle the timing of the two events.

The mid-term leadership election is one of the legacies of the bitterness and gloom after Labor lost office. Many regarded Gough Whitlam as a spent force but there was no logical successor to him. The heir apparent, former Treasurer Bill Hayden, was sunk in his own post-election depression (though recovery is now complete) and there had emerged the first definite signs that, after years of conjecture, Robert Hawke had decided to run for Parliament and bid for the leadership. Mr. Hawke, national president of both the Labor Party and the Australian Council of Trade Unions, continues to act like a potential party leader, though he has yet to find a way into Parliament.

At the same time, Mr. Hayden has bounced convincingly back into the heir-apparent role, and Mr. Whitlam himself looks far less of a spent force. The former Prime Minister declares confidently that he will lead Labour into the general election campaign scheduled for 1978. And despite the plethora of enemies and detractors acquired during his three years of office, he may well be right. What sort of party he would be leading, and what sort of policies it would be espousing is quite obscure at this point. Looking at Mr. Whitlam's recent performances, one could well believe him rerunning much of the 1972 and 1974 election campaigns. Many of those issues retain their appeal: they were not the cause of the debacle last December—at least not directly. Labour had lost its credibility and will not get it back in three years without a good deal of involuntary assistance from Mr. Fraser.

Kenneth Randall
Canberra Correspondent

MALCOLM FRASER

MALCOLM FRASER is the most interesting Prime Minister Australia has produced since the earliest days of Federation. Part of this is that neither his ideology nor his personality was subject to much attention until he became Prime Minister. But the other reason is the rapid accumulation of evidence that Mr. Fraser is further to the Right in the political spectrum than any national figure today's voters can remember.

Mr. Fraser himself dislikes and will not use terms like "liberal" and "conservative." They are terms easily misunderstood in Australian politics, despite the choice of a name like "Liberal Party" when Sir Robert Menzies brought most of the non-Labor factions together after the War. Mr. Fraser prefers to present his views in practical and pragmatic terms, preferably related to specific issues. He has, nevertheless, produced three frequently-repeated quotes which say a good deal about his outlook on the world: "We need a rugged society," "People want self-respect above all," and, most repeated of all, "Life was not meant to be easy."

However, nobody in the Liberal Party hierarchy could argue with the theory of Mr. Fraser's version of "Federalism;" the insistence that the States are the basic units of the Australian nation and should solve more of their own problems, raise more of their own revenues and answer for more of their own mistakes.

Malcolm Fraser is rich—very rich by Australian standards—rural in background and rather pessimistically Calvinist in outlook. But at 46 he has already spent 21 years in Parliament, with 10 years as a back-bencher, plus experience as a junior and senior Minister which should have shown him what the game was about.

In fact, he gives a clearer impression than any previous Liberal Prime Minister, that he knows what he is about. He will bend when he has to, but he is not likely to change basically. For the Government to survive, there will almost certainly have to be change in the Liberal Party and probably in the electorate as well.

K.R.

GOUGH WHITLAM

AFTER LEADING the Australian Labor party into three tumultuous years of Government after 23 years in the wilderness, and after seeing that Government suffer the most crushing defeat of any in Australian history, Mr. Gough Whitlam remains, to all appearances, firmly ensconced as Party Leader.

In logic, which is not always the determinant of Labor Party decisions, there was no alternative to Mr. Whitlam. It may be that he will find it impossible to live down the memory of last year with the electorate. That is the basic problem facing the whole Party, not just its leaders. Mr. Whitlam, however, still stands head and shoulders above any potential rival in the Parliamentary Labor Party. With the leader's shortened term coming up for decision next May, every week that passes makes it less likely that there will be any alternative to Gough Whitlam.

When he took off for his usual extended world tour in the Parliamentary winter recess (foreign policy remains his first love), there was a spate of newspaper reports, sourced to various sections of the Labor Party, that he would resign the leadership and probably retire from politics when he returned in August. But now the tide has turned.

Mr. Whitlam believes the next election is winnable for Labor and has been saying so ever since the numbers went up last time.

There are some signs that Mr. Whitlam wants to campaign in the next bid for power with virtually the same programme as in 1972, possibly augmented to the extent of adding some clearer policies towards business and industry development. At this stage, nobody could claim to know whether such a formula would work. History tends to be against Gough Whitlam. He is already the only national Labor leader to have led the party in two winning election campaigns.

K.R.

The strike weapon loses its edge

JULY 12, 1976 will go down as a day of note in Australian history. It had the same significance as an event which occurred almost exactly 50 years before in Britain—the first General Strike which was called by the Trade Union Congress on May 3, 1926.

Britain's massive confrontation between organised labour and the government lasted nine days while Australia's National Strike was over in just one. But in both the trade union movement was left with a feeling of non-achievement if not defeat.

Sydney missed its usual rush-hour traffic and in Victoria industry came almost to a complete halt. But in terms of mass participation, the strike was only a partial success. Half of Australia's work force of 5.2m.—predominantly the white-collar employees—went to work as usual though many had to walk, hitchhike or ride bicycles to get to their offices and shops. The rest took the day off for various reasons.

Some no doubt acted in support of their union leaders. Others simply followed the herd instinct that Australians, like other peoples, are subject to, not fully understanding what it was all about. In short, the strike did not prove anything except for the fact that a few union leaders, if they are sufficiently persistent and tactic-wise, can paralyse some of the vital functions of their country for a brief period.

For the moderate leadership of the Australian Council of Trade Unions the strike was an exercise entered into almost reluctantly. Mr. Bob Hawke, the ACTU president, had to call it or face charges of being "soft" to the Fraser government and risk the pre-empting of ACTU initiatives by the radical Left.

Health

The issue did touch everyone's pocket by the undercutting of Labor's pet Medibank scheme by private health insurance funds. This was Mr. Fraser's rather devious way of starving out one of Mr. Whitlam's social extravagances without going back entirely on an electoral promise to keep the scheme.

The simple arithmetic of it was that the average wage-earner would pay $A10 and up a week for his family's basic medical cover which he would have got almost for free had Labor stayed in power. But it did not hurt yet, not while Australians were earning some of the highest wages in the world. And for the unemployed, it was a minor concern compared to the fact that they were not working.

The strike was typical of Labor's recent demonstrations, a naked display of muscle without necessarily the support of the public behind it. The responsible union leaders were aware that the actions were self-defeating, a show of weakness rather than of strength.

Frustrated by two successive Arbitration Commission rulings that did not pass on the full inflation compensation to the workers, individual unions struck for various over-award claims like a 35-hour week, company payments of Medibank charges, paternity leave and attendance bonuses.

More worriesome to the ACTU leadership were the demarcation disputes among the unions which savaged the public interest as badly as the extra wage claims. A dockside squabble between the Storemen and Packers Union and the Transport Workers Union trapped 150,000 tons of cargo at the piers and cost shippers and importers millions of dollars. In Melbourne the stoppages hurt scores of small businesses whose slim credit could not sustain the non-delivery of already paid-for goods.

Union power was also demonstrated in another spate of political strikes. Some were idealistically motivated and perhaps even contained some elements of sound advocacy. Others, at least in the public view, were arbitrary, one-sided and even anarchistic.

The Australian Railway Union refused to allow provisions to be sent to the Mary Kathleen uranium mine though there was bipartisan agreement that shipments for previous overseas contracts could continue even before the completion of the Fox environmental inquiry. The unilateral action by the railwaymen went against the interests of their fellow unionists at the mine. They wanted to keep working.

In Victoria construction workers effectively stopped the building of a power station on environmental grounds. "Green bans" prevented the destruction of old buildings and open spaces, though they meant less work opportunities for the building tradesmen. In Port Hedland, Hay Point, Newcastle and Port Kembla, the seamen's union boycotted Japanese ore-carriers. It was protesting at the refusal of Nippon Steel to charter the high-cost European-built vessels which the State-owned Australian National Line ordered at the peak of the market.

Though these upsets continued to make headlines, the more significant story was in the decline of the strike weapon since 1974. That year witnessed an all-time record in industrial trouble with 2,809 disputes costing 6.3m. working days and $A128m. in lost wages. The loss in working days was nearly halved in 1975 and this year the total figure may drop even lower, not counting the effects of the single-day national strike.

The January-to-April comparative statistics show declines in all relevant indicators except for loss of wages (slightly more than in the equivalent 1975 period but only a third of the same four-month stretch in 1974). The most telling statistic was in the numbers of workers involved—from 841,000 in 1974 to 454,000 in 1975 to 197,000 in 1976. The slight increase in lost wages can be explained by the increase in average wage levels. But the sharp drop in worker involvement could only mean that the disputes were confined to smaller numbers of trade organisations. The average Australian worker was showing less inclination to strike.

Productivity

This could well be the reason why the trade union mainstream is less than jubilant about the results of recent months. Realising how much it costs the country in productivity and lost investment opportunities, the public has become less tolerant of disputation. The national strike was the last big labour offensive and it was launched from a position of uncertain strength. "Never again," was the admonition of most of the Australian Press, regardless of political sympathies.

Historically, Australia has fallen into the strike-frequency pattern common to many developed countries. The higher the demand for goods and services the greater becomes labour's bargaining power, hence more strikes. This simple analysis could go a long way in explaining why there had been more industrial disputes in the three years of Labor government than in the 23 years of Liberal-Country hegemony before that.

The 1973-74 wage explosion and the huge budgetary handouts raised expectations of working men like never before. Though the Whitlam Government blithely refused to admit its calamitous error until it was too late, the employers knew what was happening and tried to hold it down.

The unrelievedly high unemployment rate (a seasonally adjusted 5.2 per cent. at the last reading) has knocked much of the wind from the wage claims. In the main Mr. Fraser has won his case for wage restraints even below the indexation formula. The Arbitration Commission, the independent body which in the unique Australian system sets wage guidelines after hearing the government, labour and employer sides, granted only a token $A2.50 for workers earning up to $A166 a week.

On top of the miserly awards, the president of the commission, Sir John Moore, handed out a rebuke to the unions for threatening the viability of indexation through continued disputes.

The wage cut in real terms combined with the curbs on State spending in the budget just announced would keep the pool of unemployed at worrying levels at least for the short term. Though Labor Party and ACTU leaders have berated Mr. Fraser for his "caveman economics," there is already a substantial consensus that wage moderation is the most effective way to lick inflation and get the economy moving again.

The Minister for Employment and Industrial Relations, Mr. Tony Street, has an unassailable argument in his analysis of the employment picture. The work force, in his view, breaks down into three categories:

1 The "safe" workers in the public service, the academic world, the skilled trades and in important service and industrial functions.

2 The "vulnerable" workers in marginal industries like textiles and electronics and in other import-competing activities.

3 The unemployed.

The safe workers are the ones clamouring most loudly for higher wages, Mr. Street said. They are in a relatively stronger position because they do not have to fear for their jobs. But another fattening of their pay packets and a subsequent decline in profits and competitiveness, he contends, would "ease out some of the safe workers into the ranks of the vulnerable, drop some of the vulnerables into the pool of unemployed and reduce the chances of the unemployed to get back to work."

The most vocal unions, whose members are well represented in the safe category, cannot go against this argument too long without being criticised in return for their selfishness and lack of public-spiritedness. Mr. Hawke, himself a trained economist, has acknowledged that an unreasonable rise in one worker's pay could mean another losing his job.

It remains to be seen whether Mr. Fraser can force the acceptance of his cold economic reality on the entire breadth of the trade union movement. If the trend holds, he has a fair chance of bringing the industrial scene at least back to a semblance of pre-Whitlam normalcy.

His stiff, schoolmasterish style may be a liability in this regard. It tends to turn off the unionists and, as one Canberra columnist put it, inspire "bouts of bad language" from Mr. Hawke.

Tony Street, a 50-year-old from Victoria, is possibly more of an asset. He tactfully avoids indulging more than he should in union-bashing, the favourite parlour sport of his Victorian peers. When he was managing his property, he had an exemplary record as an employer. "I was never a collar-and-tie manager," he said. "I worked closely with the men. Almost invariably, you could see problems come up before they became problems."

Mr. Street has earned some credibility with the unions by putting his appeal to the managements as well. The typically conservative Australian managers are at least partly to blame for what has gone wrong with the industrial situation. While there is a class gap separating the shop floor from the executive suite as in Britain, the men in charge have been rather slow in catching up with modern personnel relations techniques. This could be one reason why the communications vacuum had been filled up by the importation of the shop-steward system.

Fading

Now that wages are fading as the dominant issue, the next areas to be contested are the quality of the workplace and the new "in" thing with trade union movements everywhere, worker participation.

Ralph Willis, the shadow Labor Party Minister for Employment, wants to have a specific wage and worker development policy spelled out in the Party platform. The new Labor programme is to be drawn up in the 1977 Congress. More definite objectives concerning job rotation and job enrichment problems will be discussed.

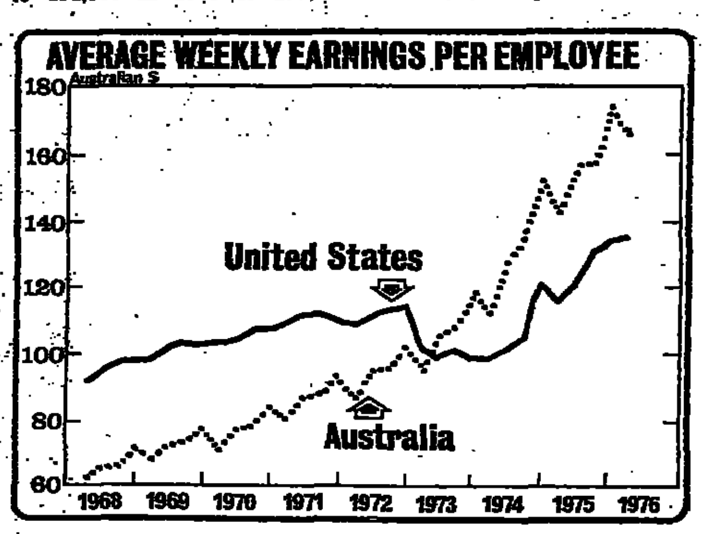
The next generation of Labor leaders are likely to be well-schooled administrators rather than confrontationists. Acknowledging the mistakes of the Whitlam years, Mr. Willis said that the next Labor government would push through less programmes but with a good deal more preparation. "We should govern like a party which will be in for a long time, not like a party with a short life expectancy," he said.

The responsibility of the unions is to educate its members to fit into their new circumstances. They are now among the world's highest paid workers without the productivity to match. The Australian worker has had a good deal of bashing lately for his lack of initiative, his conservatism and his proneness to strike. But given a chance they might surprise their critics.

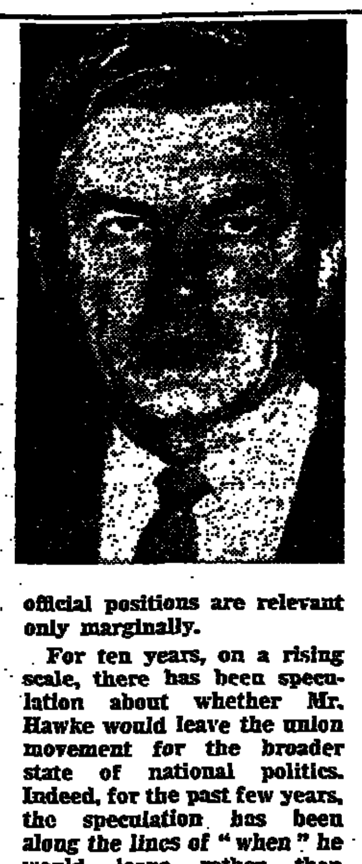
Apart from "communications and common sense," the prescription of the Melbourne Chamber of Commerce executive director, Alan Lovell, the workplace needs good union leadership and equal competence from management levels.

The renovation of the industrial plant might also do wonders. A union leader at the Newcastle shipyards now threatened by a levelling-off of federal subsidies could well have been speaking for the entire industrial workforce. "If we had the machines, we could build them like the Japanese."

Eduardo Lachica



BOB HAWKE



ROBERT JAMES LEE HAWKE is the most-publicised public figure in Australia. Opinion pollsters find it only natural and sensible to run a periodic check on Bob Hawke's ratings, along with those of the Prime Minister and the Opposition leader of the day—and it is not too unusual for him to outpoll both of them. Ever since he became President of the Australian Council of Trade Unions (a full-time job) in 1970, there have been predictions that Mr. Hawke will suffer the inevitable consequences of over-exposure but it does not seem to have happened. Since he took on the additional part-time position of National President of the Australian Labor Party in 1973 he has attracted even more attention.

The ACTU Presidency is a powerful post. So, in a more limited way, is the Presidency of the ALP. But Mr. Hawke's place in Australian affairs is larger than either job, or the sum of them. His opinion is sought and publicised on any number of issues where his official positions are relevant only marginally.

For ten years, on a rising scale, there has been speculation about whether Mr. Hawke would leave the union movement for the broader state of national politics. Indeed, for the past few years, the speculation has been along the lines of "when" he would leave rather than "whether." Yet it has only been within the past year that Mr. Hawke made the decision in his own mind that he would, in fact, take the plunge if the circumstances were right. So far, they are not, and there is no guarantee that they will be.

There is no doubt at all that Bob Hawke, now 46, would like to be Prime Minister or even the senior Minister of a Labor Government. He is an egotist, he enjoys challenge and he is unusually well-equipped for high political office (apart from his trade union experience, a string of degrees, including law and economics, from Oxford and the University of Western Australia).

The Left-Right balance within the ACTU is delicate but Mr. Hawke has trodden a middle course very effectively, building up, in the process, quite an extraordinary record of success in settling deadlocked industrial disputes. In Labor Party terms, Mr. Hawke is equally of the Centre, though at the same time a convinced and unabashed Socialist.

K.R.

هكذا من الأصل

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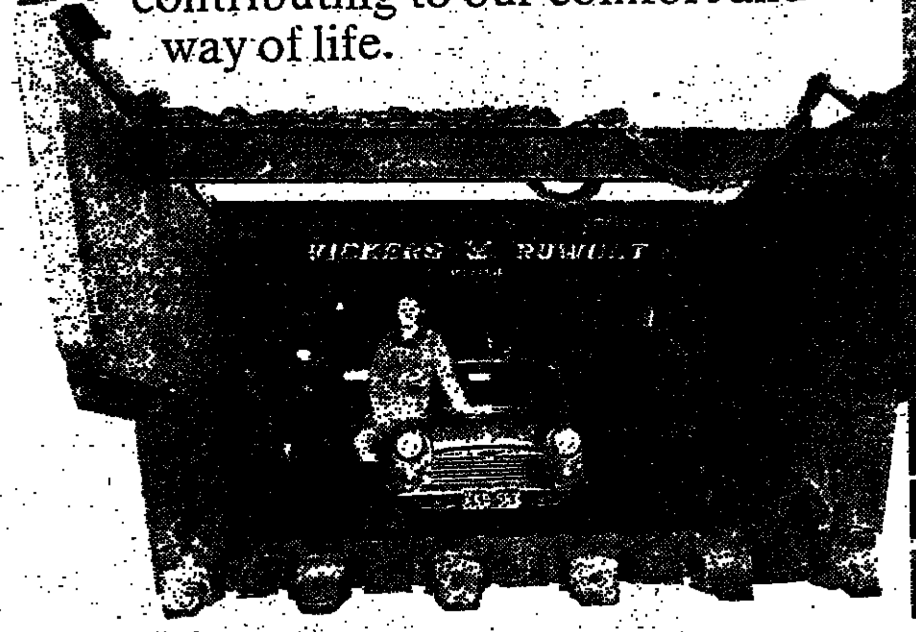
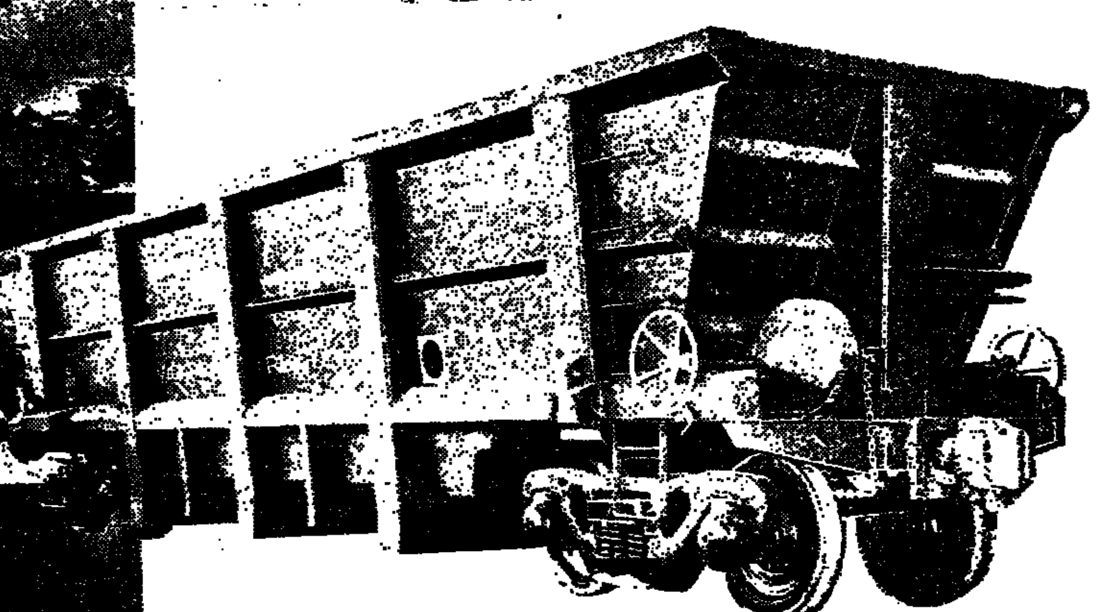
Minerals, coal, oil, natural gas, timber... Australia's natural wealth. All require industrial plant and machinery—much of it made by Vickers—to turn these resources into vehicles, roads, railways, homes, energy and many more things contributing to our comfort and way of life.





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Structural problems

ONCE AGAIN Australia is in the grip of a debate over the future of the manufacturing industry. The challenge was laid down last year by a Green Paper submitted by a multi-sectoral panel headed by the managing director of CSR, R. G. Jackson. One of the first decisions of the incoming Liberal Government was to produce from the recommendations a White Paper which will become the official guidelines for restructuring the entire industry.

Some sceptics think that the exercise will not go far beyond the amassing of briefs from special-interest groups and the working out of an agreeable compromise that would not fundamentally change anything.

But the crisis engulfing the manufacturers is too serious for any Government to attend to with the usual stop-gap measures. Senator Robert Cotton, the Minister of Industry and Commerce, indicated how urgently the Fraser Government was pressing for a consensus by chiding the unions and other sectors for being tardy with their submissions.

To date over 100 submissions have been handed in covering virtually the entire spectrum of physical production—from the Associated Chambers of Manufacturers of Australia (ACMA), the Australian Chamber of Commerce, the farmers and wool-growers, the retailers and consumer groups and individuals.

The central issue is the historic one of tariffs and protection. The Green Paper, commissioned by the Labor Government, like many of the what's-wrong - with - Australia re-appraisals that have emerged recently, tilted somewhat in favour of "a smaller role for the tariff in industry policy than in the past."

Lower

The Jackson report continued: "We believe lower tariffs will contribute to an improved working of the economy, and would be consistent with world developments."

ACMA has no basic quarrel with that principle except that it prefers the stress to be on "predictable gradualism." It reminded the Government that the present industrial structure developed out of "deliberate protection and assistance policies over many decades." These policies, the ACMA submission said, "have influenced directly and indirectly investment decisions, the pace and pattern of industrial development and the selection by a large part of the population of their occupation, careers, educational pursuits, training and place of domicile."

These historic movements have brought manufacturers to an economic trap from which relief short of massive protection is nearly impossible. Their impediments include a high-cost structure, the lack of economic scale, an overvalued domestic currency, and a dwindling pool of skilled workers.

Following a pattern common to the developed countries, manufacturing has been losing its relative share of manpower to the service industries—from 28 per cent. of the total workforce in 1961 to 22 per cent. in 1975. For Australia to turn this corner without fulfilling the promise of its own industrial revolution is a matter of no little regret. If the trend continues, Australia can never aspire to anything more than being the "middle power" Mr. Whitlam conceived it to be.

Only behind the protection of high tariff walls have these industries managed to survive. The extent of protection to some of them is almost unbelievable in these days of global trade interdependence. For mens' and boys' trouser and shorts and work clothing, the effective rate of protection is 152 per cent. For metal containers it is 189 per cent. and for corrugated fibreboard containers 136 per cent.

The list of highly protected products include architectural aluminium (122 per cent.), steam gas and water fittings (101 per cent.), water heating systems (84 per cent.), and electric and telephone cable and wire (75 per cent.).

To show the glaring disparity between Australian and overseas retail prices, consumer groups have put out a table of local and U.K. prices for (both in Australian dollars) popular fully-imported or assembled motor vehicles.

The consumers' obvious conclusion is that they are being made to pay dearly for the continued existence of protected industries. To afford Australian-made cars, they contend, Australian workers have to earn 10 per cent. more than British workers for substantially the same kind of goods.

In its submission to the Government, the Australian Federation of Consumer Organisations criticised past policies for "insulating (industries) from change rather than encouraging them to adapt to change." The community would be better off, it said, "paying for the retraining of workers for employment in other more viable industries."

From a detached point of view, there is clearly no reason why the protection should be as high as it is in some fields. Even assuming the generally high tariffs found for textiles all over the world, Australia's are prohibitive. With its top wage levels, it should no longer be in labour-intensive industries like the textile factories in Victoria and Tasmania. Many other high-wage countries including Japan have accepted the inevitability of phasing out all but the specialised, fashion-orientated clothing factories and yielding the rest of the ground to the low-cost countries like South Korea, Taiwan and Hong Kong.

The AFCO points out the examples of high-wage countries like Sweden, Denmark and the Netherlands, which still retain a vigorous manufacturing sector without excessively high tariff protection. It can be done.

Yet the transition would be difficult, even painful. The sector the reformers propose to change is still an important one, producing 38 per cent. of Australia's real wealth, operating 37,000 separate establishments and paying $A7bn. a year in wages.

The reformist brief cannot be executed without disruptions of a major scale. Politics will naturally come into it. The Liberal leaders come from segments of the Melbourne, Sydney and Adelaide establishments which have been thoroughly indoctrinated in the virtues of protection. The fact that business leaders like R. G. Jackson and Rod Carnegie have associated themselves with prescriptions for gradual reform does not mean very much when you consider the resistance to tariff changes instinctively felt by the smaller manufacturers, who after all are in the majority.

Mr. Fraser and even Senator Cotton are known to be protectionists in their thinking, and they are certain to give the manufacturers the fairest hearing possible. What could bring additional pressure on the status quo apart from consumer advocacy is international opinion. Japan and the Philippines are among the countries in Asia to have protested recent import restrictions. As world trade improves the pressure is likely to get stronger.

Manufacturing is by no means monolithic. As you go from one industry to another, you will find wide differences in protection and in their state of health.

Case No. 1. Broken Hill Proprietary. BHP is Australia's biggest corporation with assets of $A2.2bn. and a group turnover of $A1.76bn. In the 1974-75 period it made profits of $A109m.—a nominal 9.9 per cent. increase over the previous term. The chairman, Sir Ian McLennan, described the profits growth as largely "illusory" because of the 16.9 per cent. rise in consumer prices during the same period.

BHP runs a monopoly in steel-making and as such it benefits from relatively little protection. Its steel division lost $A.5.2m. that year despite tax savings of more than that amount derived from investment allowance claims. But many other international steelmakers were in a losing position too due to a shrinkage in demand, and most steel industries are generally expected to take losses anyway in support of the entire industrial economy which depends on their products.

BHP's tariff protection has actually been lower than in some of Australia's major trading partners. The company wants to raise the tariffs on steel products from 6 to about 10 per cent.

Case No. 2. The Newcastle State shipyards. This is an extreme case of a domestic industry that needs exorbitant subsidies to survive. The federal government took the only measure that was politically and fiscally possible at that time. It extended indefinitely the 35 per cent. subsidy rate introduced by Labor but turned down a New South Wales request for a $A70m. for a new graving dock and allowed the State-owned Australian National Lines to put in orders for four 15,000-ton coastal carriers with the Japanese yards.

The decision was reported to be a "death blow" to Australian shipbuilding. To compete against the Japanese, it would need a subsidy rate of 55 per cent. and the modernisation of its equipment. The two remaining large shipyards, Newcastle and the BHP-owned Whyalla in South Australia, have orders lasting only up to late 1977. After the last ships are launched, the yards will have nothing more to do.

The closure of the two yards would cost the jobs of 20,000 workers directly or indirectly dependent on them. For Whyalla the social impact would be calamitous.

This will be a tragedy compounded of many factors. The inability of the Government to back the industry fully was one of them. From 1947 to 1972 the yards enjoyed only a subsidy equal to the difference between Australian and U.K. prices. But as a recent study of the industry showed, price was not the most important consideration for buyers. Delivery times and terms of payment were even more crucial in determining where buyers would bring their business to. The Australian yards had none of the additional incentives given the British like tax exemptions and rebates, loans for the modernisation of equipment and for research and export credit facilities. Certainly, there was no way they could match the Government and backing support obtained by their Japanese competitors.

Subsidy

The Australian companies finally got a flat 35 per cent subsidy from the Labor Government, but even this was not enough. They had built-in disabilities from labour costs (18 per cent.) and the necessary purchase from outside suppliers of marine equipment (25 per cent.).

The prevalence of stoppages and strikes added to the uncompetitiveness of the yards. Whyalla alone had 16 unions and Newcastle had 20. The biggest of them, the Amalgamated Metal Workers Union was one of the most militant in the labour spectrum. In Newcastle 42 per cent. of the disputes had to do with demarcation quarrels among the unions. The management had no effective control on 73 per cent. of all the trouble occurring in the yard.

Shipbuilding, though admittedly an extreme case, is symptomatic of what ails Australian industry as a whole. Radical surgery is certainly called for though the eventual policy would have to take humanitarian considerations into account.

Industry groups are coming around to realise that they cannot live too much longer with structural disadvantages. Many proposals are being circulated between Canberra, Sydney and Melbourne.

The ACMA is in favour of increased Government assistance at the industrial base rather than at the product end. It also wants a Confederation of Australian Industries after the British model to get the proliferation of business groups under one umbrella. The voice of Australian business should be heard as one. "We are like so many terriers yapping compared to the barking of Bob Hawke," one Canberra lobbyist said.

One important Government commitment the manufacturing sector needs is the restoration of its share of the national product.

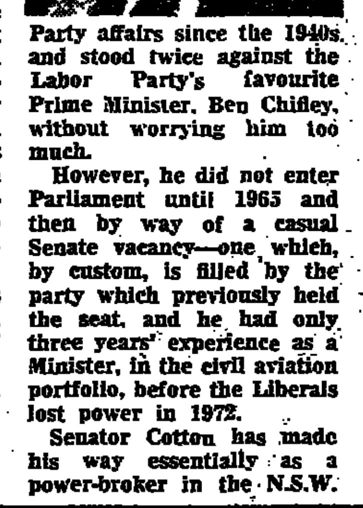
Eduardo Lachica

ROBERT COTTON

SENATOR ROBERT COTTON has found life far from easy as Minister for Industry and Commerce in the new Government in Canberra. After helping to write an attractive policy statement on industry before the elections, he has had to share in the government's decisions to defer or reverse many of those promises, while still trying to retain the confidence and support of the business community. No easy task and one not likely to become appreciably easier in the immediate future.

Senator Cotton's is an earnest, worrying command. On paper, he presides over a huge department with more than 20,000 employees. But most of them work in a string of government factories with greater or lesser defence significance and acute management problems and contribute nothing to the formation of national policies. No more than a couple of hundred, at all levels, are engaged in policy work.

The Minister himself owes his sixth-ranking status in the Cabinet to the fact of being the most senior New South Wales Liberal in a government dominated, as non-Labor governments usually are, by Victorians. He has been involved in Liberal



Party affairs since the 1940s, and stood twice against the Labor Party's favourite Prime Minister, Ben Chifley, without worrying him too much.

However, he did not enter Parliament until 1965 and then by way of a casual Senate vacancy—one which, by custom, is filled by the party which previously held the seat, and he had only three years' experience as a Minister, in the civil aviation portfolio, before the Liberals lost power in 1972.

Senator Cotton has made his way essentially as a power-broker in the N.S.W. Liberal machine—a role which belies his mild-mannered parliamentary style and unfailing courtesy.

His background is quite untypical of most senior Liberals: out of work in the depression and helping out in his father's small store in western N.S.W.; studying accountancy at night and eventually moving into the timber business; supplying the mines at Broken Hill during the war when their imports were cut off.

At 60, Senator Cotton is well above the average age of his colleagues in the Cabinet and the Ministry, and he is not noted as a forceful advocate in the Cabinet room. That handicap may be felt sorely in some of the battles ahead.

The structure of government created by Prime Minister Fraser casts the Minister and Department of Industry and Commerce as the constant champion of difficult causes. It is often industry's advocate against an array of opposing forces including, notably, the tight fist of Treasury in charge of the purse strings. In addition, it must judge a broad public interest and weigh that against the concept of a "thriving and diversified" industry base.

K.R.

MOTOR VEHICLE PRICE COMPARISONS

Model	Australian Price, $A	U.K. Price, $A	Australian Mark-up %
BMW 320 Coupe	9,385	5,392	74
Datsun 120Y Sedan	3,607	2,413	49
Fiat 128	4,388	2,616	68
Ford Escort L	3,596	2,634	36
Honda Civic 2-door	3,552	2,170	64
Magda 1300 4-door	3,511	2,558	37
Mercedes Benz 280E	18,688	10,094	85
Renault 12TL	4,651	3,017	54
Volkswagen Golf 3-door	4,238	2,655	62
Toyota Celica	4,738	3,761	26
Volvo 244DL	8,215	5,469	51

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Relying on assumptions

THE PRIME MINISTER, Mr. Malcolm Fraser, described his Government's first Budget, introduced on August 17, as "an imaginative blueprint for national recovery and reform." Few other observers have been that kind.

The Budget certainly provided another affirmation—if one were needed—of the Fraser Government's *economic priorities*: control of inflation first and foremost, with *every other objective* subordinated to a different scale of consideration. The biggest fear though is that the working-out of this scale of priorities may be based on a degree of overkill that will prove counter-productive.

Overall it is a very tough *Budget, as the Government had* promised, and one that a Government less secure of tenure would not have attempted. Whether or not it will work as the Government hopes seems to depend very largely on two *factors—the course of* wages policy over the remainder of the financial year and the reaction of consumer spending.

Treasurer Mr. Phillip Lynch, naturally assuming a fair degree of success, looks for inflation at a rate below 10 per cent. by the end of the financial year and a real growth rate around 4 per cent. But even from the *Treasurer's optimistic* standpoint unemployment will get noticeably worse over coming months and by the end of the financial year can be expected to be no better than it is now—that is to say a post-depression record. Unemployment will be the most difficult social and political *product of the Budget* for the Government to handle.

Grim

At the mid-summer peak around the end of January next year *unemployment* is likely to be between 375,000 and 400,000, *dropping* back by the end of June to about 270,000. Mr. Bob Hawke, president of the Australian Council of Trade Unions (ACTU), forecasts a peak figure nearer 500,000—but that seems excessively pessimistic.

The outlook is particularly grim for the school-leavers who *will start coming on to the* labour market in numbers in *about* three months. There was a similar problem at the end of the last school year and although many young people chose to stay on for a further year, a sizeable proportion of those who ventured into the workforce are still without jobs.

For *this year's leavers* life will be made harder by the *Government's* decision to change the ground rules on dole payments. Announced last March, but barely noticed at the time, the change means that school leavers are ineligible for unemployment benefits until the *end* of the summer holidays in February. Thus despite the employment prospects the Government has been able to cut its allocation for dole payments in the present Budget by $A33m.

The *chief* area for argument about the Budget strategy on employment is whether there is any real advantage in maintaining unemployment at a level of 4.5 to 5 per cent. for another year rather than letting it fall back to perhaps 3.5 per cent.—still very high by traditional Australian standards. In either case there would be considerable *excess capacity in* the economy and slackness in the labour market.

That impression is further strengthened by a close look at the Treasury assumptions upon which Mr. Lynch based his Budget speech forecasts. These are some of them.

The first is that "the general stance of monetary policy will *be such that the banking system* is able to meet the needs of the economy for finance while being less than *fully* accommodating to inflationary demands." There is not much *difficulty* on this point. The Reserve Bank and *the Treasury* have *improved* their monitoring of money supply considerably since the miscalculation in 1974 which created such a massive credit squeeze. The forecast growth of money supply (M3) in the *Budget is 10-12 per cent.*, compared with almost 14 per cent. in 1975-76. But in any event the means are available to change the growth rate quickly in either direction.

The second is that "apart from the Budget proposals themselves, there will be no new *fiscal measures during 1976-77.*" This is harder to follow for *several reasons*, especially because there are some susbtantial but unquantified Budget "proposals." For example, the Government has committed itself to introducing for the current corporate income year a system of *linking* stock valuation (and therefore tax liability) *to the inflation rate.* It says that, as a first step, companies will be allowed at least 50 per cent. of this inflation adjustment but that gives no real idea of the cost in terms of revenue to be foregone.

"Some form of partial indexation of wage awards will continue, as *will* restraint in increases in other wages and *conditions of employment.*" This is the most crucial assumption, as the Treasury itself admits, and the most vulnerable.

Indexation of wages was introduced at the beginning of last year to contain the explosive growth of 1974. The unions took it to mean that the cost-of-*living increases reflected in the* official consumer price index would be passed on in full, maintaining their larger share of the split-up between wages and profits. In return they would refrain from pushing increases outside the scheme.

The guidelines for indexation, as adopted by the Arbitration Commission, did not, however, make the *full flow-on from the* index mandatory. There was room for the parties—which include the Government—to argue for partial adjustment, and the Fraser Government has, in fact, been doing this successfully at *the wages hearings this year.* The Arbitration Commission's judgments in February and this month have passed on about two-thirds of the *percentage* increase in the consumer price index, effectively reducing the growth in wages awards by about 1.5 per cent.

Naturally enough, the watering-down of the system has made it far less attractive to the unions—especially those with the industrial muscle to win their claims by other means. *The national executive of the* ACTU this month decided, in effect, that wage indexation would be given one more try—that is for the September quarter index figures. On that basis the Treasury appears over-optimistic in expecting the system to survive through the *three hearings remaining in the* financial year.

Mr. Lynch and his advisers regard it as essential to get back to the "traditional" wages-profits balance, through continued partial indexation. But *it is precisely* for that reason that the unions can be expected *to oppose it.* In the six months to December last, wages rose by 7.5 per cent. and profits by 5.8 per cent. In the half-year to June, wages rose by 6.8 per cent. and profits 10.9 per cent.

On its own assumptions, the *Treasury is prepared for* a growth in average weekly earnings (as opposed to wage awards, the minimum set by the Arbitration Commission) of 12 per cent., compared with 14 per cent. in 1975-76. And it sees the consumer price index rising by about the same extent (forecasts of "single digit" inflation by the next June quarter are on the basis of more broadly based deflators").

Impact

It was the Labor Government last year which first began to propound the theme that "one person's wage rise is another person's job," now taken up with enthusiasm by Mr. Fraser's *administration.* The union movement in general still *seems unimpressed*, though it may be next March before any clear preference for direct bargaining re-emerges.

While the Budget appears to have gained some impact from being less fearsome than many people expected—notably in the absence of imposts on beer, petrol and cigarettes—*it loses* at least as much in another direction. *An integral part of it is* the package of economic measures announced last May. They included the full indexation of income-tax and very substantial increases in child allowances—measures whose gloss has already worn off to some extent.

Most wage-earners and *families* are probably more concerned now about the *Government's changes in Medibank*, the Labor-created national health scheme. From October 1 next they have to make decisions about their health insurance coverage, which generally means paying out between $6 *and $10* a week which they haven't paid previously.

The Budget's concessions to business are not of a type to *produce quick results in terms* of jobs, investment or activity. *The most direct of them go to* the mining sector, where they *are likely to have markedly* bullish effects—but not before 1978, which happens to be election year for the Fraser Government.

The Government professes to be happy with business reaction to the Budget in that practically everybody agreed with the objective of reducing inflation. They could hardly do otherwise. *On more specific points, they* appeared lukewarm. The Manufacturers' Export Council described it as "another non-event." The Australian Farmers' Federation (predominantly small farmers) summed up its reaction: "*No shocks, no* surprises, some disappointments." The Woolgrowers' and Graziers' Council, representing mostly the bigger graziers, felt much the same, though possibly *a little more* favourably disposed towards the Government.

The miners were glad of the new incentives but warned the Government that "they would not automatically lead to new investment." The Associated Chambers of Manufacturers found it disappointing that the Government had been "rather modest" in its first-stage efforts to reduce the burden of inflation on companies. "This cannot be expected to generate any immediate increase in corporate profitability or *stimulate a quick* rise in business activity," it said. The Labor Opposition, the unions and the three Labor Governments in the States have been quite unequivocal in their condemnations.

In another six months or so, Mr. Fraser and Mr. Lynch may be very glad of that built-in capacity for a change of direction. In the brief period since its presentation, there is little to suggest that their first Budget *has* turned the tide of confidence.

Kenneth Randall

PHILLIP LYNCH

PHILLIP LYNCH, the Treasurer in the Australian Government, had been in Parliament only two years when *Prime Minister John Gorton* plucked him from the back bench to become Minister for the Army. He had hardly settled into the job before he was in trouble.

Australian troops serving in Vietnam were accused of ill-treating a woman prisoner —"water torture" was the emotive expression usually used—and their Minister, with minimal checking, leapt enthusiastically *to their* defence in Parliament.

Mr. Lynch was wrong and the lesson he learned then *has strongly influenced his* political career ever since. When he discovered the truth of the affair, Mr. Lynch apologised to Parliament in unequivocal terms, instituted a searching inquiry and made sure that it was effective.

From that time he has shown a *capacity for* thoroughness, hard work and care matched by few others in Government. He came to appreciate the value of staff advice and consultation beyond the normal channels and *determined not to put a foot* wrong again.

He has succeeded to quite a marked extent, although in the process he has become known more as a safe administrator than an innovative leader. That reputation has become even more marked since he became Treasurer.

Mr. Lynch was brought to prominence by Prime Minister Gorton, prospered under Prime Minister McMahon, and served as faithfully as deputy under Bill Snedden as he now does under Mr. Fraser. It says something of Mr. Lynch's style and personality that he has never been regarded as a threat and has never seemed likely to become leader of the Liberal Party. Though still only 42, it is less likely than ever that he will reach the top of the tree.

Most of the reasons for that state of affairs must lie with the man himself, but there have been others that the Liberal Party has tended to find embarrassing. Until a *few years ago*, some vicious campaigns were mounted *sporadically* against Mr. Lynch by fellow Liberals in his *own electorate* because he is a Catholic. Few Catholics have reached the higher echelons of the Liberal Party until recent years, fewer still have been accepted by the establishment forces which support the Party—especially in Melbourne, Mr. Lynch's home town.

Despite his obvious relish for the job of Treasurer, Mr. Lynch has no formal training in economics. He was a management consultant before *entering Parliament at the* age of 32 and had served a long apprenticeship in the Young Liberals, helping to make it a real section of the Party rather than a social wing in which its members could be kept safely away from politics.

He has *the hottest seat* in the Cabinet and can expect to be under extreme pressure throughout the Government's first term. Provided he remembers the lessons of the past and sticks to the language *he knows* Mr. Lynch looks a practised survivor.

K.R.

FOREIGN POLICY

Keeping a look out

THE FOREIGN policy of the *Liberal-Country Party* Government is made by its Prime Minister, Mr. Malcolm Fraser, and he has sometimes given the impression of being belligerent, at times almost a cold warrior. He and his ministers have repeatedly drawn attention to the growth in Soviet military power. Some of *his more extreme statements* have been taken in some *quarters in Australia to imply* that the Soviet Union represents a direct military threat to Australia.

It is probably fair to say that his views are less crude than they have sometimes appeared. To be sure, his general stance is a far cry from that of his Labor predecessor, Mr. Gough Whitlam, who was at pains to stress that Australia faced no military threat, that no military *threat was likely in the immediate* future, and that the *emphasis of Australia's foreign* policy should be on diplomacy rather than defence. Mr. Fraser would probably deny that the expanded Soviet naval presence in, say, the Indian Ocean, represents a direct threat to Australia, but would go on to claim that the Soviet build-up does represent a potential threat to international peace and stability. *Since he also believes that* destabilisation could occur much more rapidly and unpredictably than Mr. Whitlam seemed to think, his posture is one of vigilance, preparedness and active support for the U.S. in balancing the power of the Soviet Union.

As far as it goes, this kind of strategic posture is not so very different from that of *certain NATO countries.* What makes it interesting is that Australia is a very long way from Europe, from the Soviet Union and from the U.S., and cannot therefore adopt a defence policy as if it were an honorary member of Nato. Nor indeed would the Liberal Gov*ernment wish to.*

Though it has swung back a *long way from the quasi-pacifism* of the Whitlam Government, it has not reverted to the long-standing Canberra tradition of thinking in terms of Imperial defence, in which Australia tended to provide assorted forces to fight alongside the armies of its major military allies. It is surprising how durable this traditional way of thought proved to be. *But it was severely discredited by the unhappy experience of the Vietnam war (from* which Australia had started to withdraw even before Gough Whitlam came to power in 1972), and it was swept away in the foreign policy controversies precipitated by the Whitlam diplomacy. For the first time Australia has started to think coldly about the defence by Australia of Australian interests, *what this implies for its defence* capability, and how much it would cost.

Implicit in this reassessment *is the presumption that* Australia might have to defend itself, and that the U.S. might not, or might not be able to, defend Australia, despite the ANZUS Treaty linking the two countries with New Zealand. At the recent ANZUS Council meeting, for example, it was remarkable how far the American *delegation stressed the economic* aspects of economic interdependence in the Pacific, rather than the military aspects of the alliance.

The application of the new principles of Australian defence is proving long and arduous. Manpower in the three services totals less than 70,000 men, which is exiguous for the de*fence of a continent almost as* large as the U.S., with poor *internal communications*, and with a coastline 20,000 kilometres long. The Liberal Government has promised a substantial increase in defence spending in the next five-year period, but in the present financial year defence outlays of $A2.2bn. are about 8½ per cent. of total budget spending, or only about 3½ of GNP. The Liberal *Government may continue to in*crease the share of Government *spending going to defence*, but it is inconceivable that Australia could in peacetime sustain a force which was genuinely capable of defending the country against a major attack. The task facing the defence planners, and which may become clearer when the Government produces its White Paper in October, is that of devising a defence strategy *which is more plausible than* anything Australia has had before.

A number of elements in the picture are already beginning to emerge, however. The defence of continental Australia will focus on mobile, integrated units as a core which can be expanded in an emergency. The shortage of manpower will be compensated by the use of high *technology equipment.* The need for early warning will require over-the-horizon radar, and the extension of Australian waters to 200 miles will call for ocean surveillance. There will be more emphasis on strategic intelligence.

Beyond this, Australia will no *doubt continue to maintain military* relationships with a number of neighbouring countries in south east Asia. But whereas the stationing of two Mirage squadrons in Malaysia had originally been intended as a form of strategic forward deployment, under Whitlam it was rationalised as a form of technical assistance to help the *Malaysians build up their own* defence. Similarly, Australia provides defence co-operation or technical assistance to Singapore, Indonesia, Papua New Guinea, Thailand, the Philippines and Fiji.

Creation

But it is above all the cash nexus which has reinforced Australia's sense of interdependence with south east Asia. In 1955, before the creation of the European Community's agricultural policy, nearly two-thirds of Australia's exports went to *Europe, notably to Britain (37* per cent.); by last year Europe's share of Australia's exports had shrunk to 22 per cent., while that of the U.K. had fallen to 5¼ per cent. Over the same period the share going to Japan has risen, and not only as a result of the mineral boom, from 7½ to 27½ per cent., while the share going to all countries in Asia and Oceania has risen *from 27 to 59 per cent.* Ideologically, the top priority for Malcolm Fraser may be to stiffen the resolve of the United States to stand up to the "threat" of the Soviet Union; but in practical terms, Australia's *top strategic priority must* be the stability of, and good *relations with*, its neighbours in the region.

Symbolic of this practical interdependence was the signature, on June 16 this year, of the Basic Treaty of Friendship and Co-operation with Japan, the first and most comprehensive such treaty that Austra*lia has signed with any country.* Its significance is as a medium *for* co-operation and consultation to correspond with the strong trade links.

Traditionally, Australians have felt remote, cut off from the Europe to which most of them, directly or indirectly, owe their origins, and which remains the source of most of their *culture and traditions.* Australians to-day still feel cut *off, an island of prosperity and* democracy surrounded by much *more populous states, few of* which are either prosperous or democratic. Yet increasingly they feel that it is Europe which is remote. Match of the Day may be relayed on Australian television, and Australia may *still* recognise the monarchy. But Britain is no longer the *Mother Country. First under* Whitlam, and now under Fraser, Australia is starting to digest the meaning of independence.

Ian Davidson

FOREIGN INVESTMENT

Trying to reverse the flow

FOR MANY years Australia took a natural growth in foreign investment for granted—as a reward for its minimal inflation, its stable dollar-pegged currency and its unblemished record of hospitality to British and American investors. To-day its bankers are experiencing again what it was like in the post-war years when the Chifley Labor Government had to go begging for capital.

There is more to the change than just the reinstallation of the pro-free enterprise coalition in Canberra. On paper alone there is little to distinguish the Fraser-Lynch-Anthony line from the amended Labor position after Mr. Whitlam had sidelined the activists in his cabinet late in 1975. The difference is in the more candid assertion of the Liberal Government that the investment inflow has to be re-started and in its willingness to bend the guidelines to get that done.

If Labor had continued in power, its responsible core would have acted too upon the fact that Australia almost overnight had ceased to be the centre of gravity for the world's risk capital. Inflation has eroded the competitiveness of its exports, devaluation is still a serious option of the Government and too many recent diatribes against the sins of the multinationals had left a negative impression in the head offices in New York and London.

Australia has also found itself with many competitors offering lower cost structures—and even tacit guarantees that investors would never be troubled by industrial action.

But probably most telling of all is the awareness of the function of capital inflows in Australia's balance of payments. In 1974-75, the last year for which the Bureau of Statistics has consolidated investment figures, Australia suffered a net loss of $A50m. in capital transfers. This was the third successive year to show a deficit.

Highest

The total inflow of identified overseas investments—$A947m.—was the highest since 1971-72. But the outflow in the form of dividends and interest payments was even higher. The retention of undistributed profits—a key segment of the investment account—fell from $A402m. to $A219m. Investors were repatriating more of their earnings. The reasons can only be conjectured but they could include some climatic uncertainties as well as better opportunities elsewhere.

It is significant that the Treasury, the most payments-conscious of the departments, now provides the secretariat for the Foreign Investment Review Board. Formerly, the gatekeeping function was a committee job passed around several departments with the Treasury presumably having just one vote. The Board is likely to be quite flexible with the guidelines, provided there is no clear reason to reject the application on national interest grounds.

In its present construction (the Government may eventually give it statutory powers), the Board does not present a forbidding bureaucratic front to inquirers. Two well-known private sector personalities, Sir Bede Callaghan and Sir William Pettingwell, serve as chairman and member and the head of the Treasury's Foreign Investment Division, Mr. M. A. Besley, doubles as the executive member. Towards the end of August Sir Bede and Mr. Besley were to go on the road (with San Francisco, Chicago, New York, London, Amsterdam and Frankfurt among the many stops) to sell Australia.

The Fraser Ministry has certainly lent a hand in the promotional effort. The Prime Minister's recent trip had an important side-purpose in jollying the Wall Street financiers. The interest shown by U.S. Pacific Lighting Corporation in the natural gas deposits of the Northwest shelf may have been a direct result of Mr. Fraser's persuasion.

Treasurer Mr. Philip Lynch had earlier made an appearance before the Confederation of British Industries on a similar errand. In inviting the would-be investors to try out the new ground rules, Mr. Lynch used a plain Australianism: "Why don't you suck it and see?"

Though the Government had been criticised by the more vocal free-enterprisers for putting any kind of limitations at all on certain types of foreign investment, the guidelines are not all that unattractive. For three "key areas"—the production and development of oil, natural gas and all other minerals, agricultural and pastoral products and forestry and fishing projects—a 50 per cent. rule will be generally though not strictly applied. For uranium projects, the 75 per cent. Australian equity requirement is also flexible.

Treasury officials say that some of the prospective applicants are quite satisfied with a 50 per cent. holding. "They see it in their interests to look for Australian partners," One of them told the Financial Times. "They expect to find similar conditions wherever else they go."

In the robber-baron days of the multinationals, control if not full ownership was the name of the investment game. But many factors, including resources nationalism and the rising costs of development, have made co-operative arrangements more desirable in many cases than the one-company show. If at all, foreign investors may ask for a larger stake only because of the non-availability of long-term Australian development capital.

The recent shifts in rules interpretation may have confused rather than clarified the investment picture. They can be charged to consensual difficulties experienced by the Liberal-Country coalition in starting a new government. The original unqualified 50 and 75 per cent. guidelines announced by the Deputy Prime Minister and National Resources Minister Mr. Doug Anthony were possibly the product of contradictory advice.

The middle-level bureaucrats in the department were still under the influence of the Rex Connor regime, though Mr. Anthony brought in a more open-minded permanent head, Jim Scully, to replace Sir Lenox Hewitt, who was closely identified with Labor policy. As leader of the Country Party, Mr. Anthony himself had to respect the sentiments of his own rural constituents who are not that far removed from Labor perceptions vis-a-vis resources nationalism.

Rebuke

Private sector reaction, including an open rebuke by the prestigious Bank of New South Wales, forced Mr. Anthony to compromise. Fortunately, Mr. Anthony can work better with Mr. Fraser than the Liberal and Country State branches do with each other, so the adjustments were made easily. It will be case-by-case treatment from here on with the investors given the benefit of the doubt.

The only other "examinable" area is real estate. The object is to forestall land speculation. Examination is not required if, for instance, property is bought by insurance companies for the ultimate benefit of Australian superannuants or by foreign companies for the use of their employees.

Depending on the advice of the Board, the Government may interest itself in other areas like inter-company pricing and profit arrangements, export franchises and parent company control, but these are matters for the future.

For investment in manufacturing, there are no specific equity rules. Mr. Lynch said quite definitely about other areas of the economy besides resources: "In general, if it can be demonstrated that a proposal will be Australian controlled, it will be approved."

The Board respects the confidentiality of applications prior to approval, so nothing definite is known about the kind of response it is getting. Treasury officials hint that several manufacturing investments and "one or two" large resources projects are in prospect.

The Labor government's immobility on new resources development probably cost Australia a Japanese option on the Northwest shelf. The Japanese have gone ahead with other prospects in Abu Dhabi, Brunei, Alaska and Indonesia. Their share of these natural gas deposits will meet most of their requirements until the early 1980s. Japanese Export Import Bank officials sounded quite cautious about reconsidering the shelf. "We have higher priorities now — coking coal and iron ore in that order. Perhaps more natural gas and uranium after that."

The U.S. bid, if it proceeds, may save the day for Australia. The partners in the development, Woodside Burmah (50 per cent.) and Shell, British Petroleum and California Asiatic (16.66 per cent. each) have estimated the initial cost to be between $A1.2bn. and $A1.5bn. As most of these deals go, the American utility would have to plough in some cash in exchange for future shipments of the gas.

The big Queensland coal projects had lain fallow during all of the Connor period. Mr. Connor's distrust of the American coaling interests had been responsible for the inaction. But the equity-sharing problem seems to have been sorted out now and the three new mines are ready to proceed — ironically enough under capital-sharing conditions which Rex Connor would not have objected to seriously.

The Australian interest in Hail Creek is to increase to 60 per cent. Nebo has 55 per cent. Australian ownership though the identity of the participants has not yet been announced.

How the nationality of Australian subsidiaries (for instance, of Conzinc Riotinto, a spin-off of the London-based multinational), will be determined in the equity line-up is not spelled out clearly. The assumption is that this would be dealt with as flexibly as the main guidelines.

There is undoubtedly enough money in Australia to approximate at least the equity requirements for resources. To take just one indicator, the saving ratio of Australian households rose from 10 per cent. in 1964-1965 to 18.3 per cent. in 1974-75. The propensity to save is in fact one of the Government's current worries, because those funds should be back in circulation to help stimulate the economy.

The problem is capitalising these assets. The Australian Resources Development Bank will help muster the counterpart funds along with the Australian Industry Development Corporation and the private banking sector.

Justified

Australia's capacity to absorb even more foreign capital is something else for the future to decide. The last Labor Government's concern about the already high levels of foreign ownership in key industries has been justified by official reports which have begun to come out only now. A Bureau of Statistics survey published last July showed foreign interests owning or controlling more than 50 per cent. of the combined assets in nine different fields.

In petroleum refining, foreign ownership was as high as 90.8 per cent., in motor vehicles and parts 75.9 per cent., in basic chemicals 58 per cent., in tobacco products 59.9 per cent. In total, overseas interests owned either directly or through intermediaries 31.2 per cent. of all Australian manufacturing.

The fact that the new Government did not dismantle entirely the protective mechanisms set up by Labor indicates that there is something close to a bipartisan interest in drawing a line somewhere.

While the Liberals are in command, there will be no costly buy-backs such as the Laborites threatened to do (but never did). The foreign investor will be given a fair run. But he will need to understand why the Australians are proceeding more cautiously than before and with a greater thought to their own future.

E.L.

ENERGY

A contest between greed and fear

NOTHING PROVOKES a fiercer level of Australian debate than uranium. This has come to overwhelm the energy outlook, and rightly so if Mr. Douglas Anthony, Minister for National Resources, is on target with his forecast that within 20 years Australia will have become more important than the Middle East as an energy supplier.

Uranium's short-term future focuses on Mr. Justice Fox's interim report from the recently finished Ranger uranium environmental inquiry. Government and unions have agreed that development should hold fire until the Fox report is released. Initiated to look at Peko-EZ's deposit at Ranger, the inquiry has become an omnibus affair, a crossroads for the industry.

Meanwhile Friends of the Earth have leaked documents from RTZ offshoot Conzinc Riotinto of Australia, suggesting that selling uranium will enable customer nations to produce atomic weapons. The five-nation Urunium Institute, set up in London last year, has also been made to leak, with evidence produced of planned price-rigging.

Left-wing unions are keen to stop all uranium development. Academic physicists, reacting to a Tokyo report that Australia would be used as a dump for nuclear wastes, have expressed concern, and one has depicted the decision as possibly the last that Australians would make.

Because several of the best deposits are along the Alligator River in the Northern Territory, and impinge on Aboriginal tribal lands where the Government has promised no exploration or development without Aboriginal consent, another emotive factor has been added, and one with wide implications.

And uranium's special standing has been given the official imprint of the Treasurer, Mr. Phillip Lynch, who in his mid-year statement on foreign investment guidelines said that "because of its unique status" new uranium projects "will only be allowed to proceed provided they have a minimum of 75 per cent. Australian equity and are Australian controlled."

More than anything else this decision, subsequently diluted, revived fears that the brand of resource nationalism that flourished under the previous Government had not been cleared from the Canberra shelves. In its amended version, the policy allows that no resource project deemed to be in the national interest will be stopped for want of Australian capital. This has been caricatured to read: if Australians don't want it, foreign investors can have it.

Nuclear

The issue distils into a contest between greed and fear. So far the fears have prevailed —concern about nuclear proliferation, atmospheric pollution, the local environment, Aboriginal backlash, union trouble. But the magnitude and grade of the deposits points to rich pickings—about one-sixth of the world's reserves, three times as rich as the ore that started an American uranium rush for underground ore, while Australia's is shallow and open-cut.

For every $1 per pound of yellowcake, Australian uranium has an in situ value of about $1bn. Recent spot sales have been around $U.S.40 per pound, although prices on long-term contract are expected to be lower by the time Australian mines come on stream in the 1980s.

The stock market smells bonanza and has taken the price of Pancontinental shares from a 1972 low of 26 cents to a 1976 high of $20. With Getty Oil, Pancontinental has the world's biggest uranium deposit at Jabiluka. Mr. Justice Fox has warned that it is imprudent for speculators to anticipate his findings, without specifying any particular stock.

The trend of Government-union tensions, and of a more pragmatic community attitude when quality of life and standard of living come into conflict, suggest that Australia's uranium will be mined at considerable profit. But not before all the venom of protest has been spent.

Despite the spilling of superlatives over uranium, there are still some left for the petroleum aspect of Australia's energy scene. The North West Shelf, with its 18,000bn. cubic feet of natural gas, is generally rated Australia's greatest natural resource. Mr. Richard Charlton, Shell's production and exploration manager, expects its development to be the biggest thing ever to have happened to the country, probably surpassing the scale of the Snowy Mountains scheme. And Mr. Anthony rates the Exmouth Plateau, in deep water offshore from the North West Shelf, as Australia's best untested oil-prospecting acreage.

Like so many other Australian resource epics, the North West Shelf project has been years in the making. Instead of being

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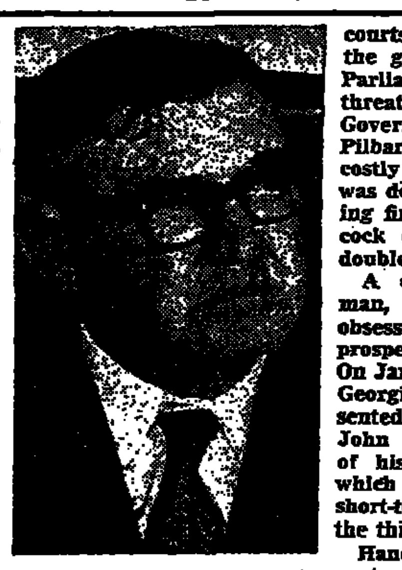
LANG HANCOCK



FROM A distance, Mr. Lang Hancock ranks high among the most fascinating of Australians. He found the iron ore that led to the Pilbara boom, earning himself and his partner Mr. Peter Wright more than $35m. so far. At close hand, he is an energetic, generous and entertaining personality, particularly when he is in his element, flying guests around the mines and mining prospects he has generated 1,000 miles north of Perth.

But at medium range he can look a little frightening. Mr. Hancock advocates a style of laissez faire capitalism that would have made him at home in the late 19th-century. Scathing about politicians, planners and conservationists, he wants Western Australia to secede from the nation, abolish tariffs and other bureaucratic impedimenta, buy a nuclear-armed air force, and let him get on with his mining, preferably using nuclear blasts because it is cheaper. He owns a newspaper, The National Miner, and has founded a political party, Westralian Secessionists, to institutionalise his views.

In his eventful 67 years, three milestones stand out: In the summer of 1952, flying to Perth from a small mine he was running in the Pilbara he found (Government geologists prefer "rediscovered") huge tonnages of iron ore. After offering it to many companies, he brought in Rio Tinto, forerunners of RTZ, who helped remove Australia's embargo on iron ore exports. The Pilbara boom followed.

So did intensified antagonism between the State's dominant politician Charles Court and Mr. Hancock who, despite his Right-wing leanings, helped Labor end the Conservative Coalition's record term. In 1971, both sides of the State Parliament joined to pass retrospective legislation blocking Hancock's access to the courts to retain tenure of the ground he had pegged. Parliament was reacting to threats that he would thwart Government initiatives in the Pilbara through long and costly court actions. The Bill was depicted as simply fighting fire with fire; Mr. Hancock considered Labor had double-crossed him.

A dogged and dogmatic man, Hancock has worked obsessively to move from prospector to mine-owner. On January 2, his only child, Georgina Hayward, presented him with a grandson, John Langley, as the focus of his dynastic aspirations, which depend, at least in the short-term, on Marandoo—the third milestone.

Hancock and Wright are partners with U.S. sulphur producer and Canadian base metals miner Texasgulf in this project which Mr. Hancock says will involve Nippon Steel, one-third to each. Marandoo's 18m. tonnes a year is competing with 43m. tonnes from other Pilbara sources, most of it from established mines, for a probable 20m. tonne annual purchase by the Japanese steel mills' buying cartel from 1979. Although Government and other miners oppose the Marandoo deal, Lang Hancock maintains that only a political knife in his back will stop him this time.

Don Lipscombe

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A problem of finance

AUSTRALIA'S own natural *resources industry has been in* a state of shock for four years. Although the Budget has added an important prop to the framework for economic recovery, *even buoyancy,* those in the business are still looking over their shoulders for the shadow of Mr. Rex Connor. It seems to blind their vision of all else *in the Australian minerals* scene—although it would be more realistic on their part to fix their gaze instead on the strength of demand in the main *customer* nations and their investment interest, which has yet to be translated into a revived and strong capital inflow.

Mr. Connor was Minister for Minerals and Energy in the Whitlam Labor Government. Perhaps the toughest and most radical of the Cabinet's *Socialists, he was the man who* did more than anyone to frighten off the direct foreign investment that has been the catalyst of resource development—and will remain so. His control and close supervision of the Australian minerals industry *have not been rolled back as* quickly as many expected under Mr. Douglas Anthony, who holds the portfolio under its restored, conservative-style name, National Resources.

Loading iron ore at Port Hedland, Western Australia. Production has been badly hit by strikes in recent months.

Persuasive

Indeed, Mr. Connor's ghost is so persuasive that when Labor's Shadow Minister Mr. Paul Keating tried to applaud Broken Hill *Pty's acquisition of Burmah* Oil's North West Shelf equity, while at the same time questioning the legality of new offshore prospecting authorities, he provoked a witch-hunt reaction. Here was Labor threatening to abrogate contracts, trying to destroy private enterprise, all over again.

Technically and economically successful, the mining industry had become flabby-minded before Mr. Connor's regime. The lessons are being learned but slowly. Australia, third only to Singapore and Hong Kong among the world's most urbanised nations, has yet to have explained to its suburbanites the close relationship between resource development and living standards. *It has been a costly* delay.

Similarly, the industry failed to yield to the pressures *of* nationalism. The tide that had been held back during the 1960s became a flood under Labor which started to crumble with *the publicity about Mr. Connor's* multi-billion-dollar secret loan scheme, devised to accelerate nationalisation.

Australia's swing from unquestioning chumminess with multinationalism back the other way to close to xenophobia coincided with global inflation (aggravated internally by bad Australian economic housekeeping) and the collapse of the metal markets. Everything hit the miners at once. *If Mr.* Anthony seems to be dragging his feet in restoring order it is because Australia has yet to make up its mind as to how much of the *resources industry* it wants to keep for itself, how it will finance its own equity and what conditions to attach to the rest.

Meanwhile potential new projects have banked up. In nearly all cases their construction and running costs have outrun world market *prices of the metals and* minerals they would produce.

The Pilbara example is instructive. With the present combination of demanding capital formation conditions, prices, costs, exchange rates and strikes it is doubtful indeed if *this region could have been* opened up to become within 10 years, as it has done, the biggest international supplier of iron ore.

At *Mount Newman,* the world's biggest open-pit iron mine, nearly 40 per cent. of production was forgone, due mainly to stoppages, in the first three months of this "ore year" starting April 1. Japan, the main market, wants more ore from 1979 *and all four of the* Pilbara's established producers are competing fiercely with two potential new miners for these contracts.

Always at a disadvantage against Japan's cartel buying, the iron industry faces a new set of risks. To open new Pilbara mines profitably iron *prices must rise at least 50 per* cent.; from a global standpoint this would be a factor in setting off the feared new wave of inflation. Instead of higher *prices immediately, new miners* are being pressured to hold them at existing levels in the early years, and established miners are looking to upgrading overburden and edging into new orebodies, double-banking on towns, ports and railways *already built to win the extra* throughput needed to keep profits respectable.

The aluminium industry's strong recovery from its worst slump has reactivated shelved bauxite mining and alumina refining schemes. Alwest, south *of Perth near Collie, should* move ahead quickly, possibly this year, after four years' cliff-hanging. The bauxite-based Alumax project, in the tropical *Kimberleys, is undergoing re*assessment and is likely to emerge by the mid-1980s as a vast integration of mining, fishing, farming, forestry and processing.

Promising

Base metals exploration keeps *turning up promising prospects:* Aquitaine, Anglo American and Kennecott are likely to mine recent finds ultimately. Amax and EZ Industries are ready to *start shaft-sinking and extensive* drilling into their Golden Grove copper zinc deposit in Western Australia.

But the Agnew nickel situa*tion stands as a warning that* developments will probably proceed more slowly than most people expect. Found by Selection Trust five years ago, and *rated the world's best un*developed nickel orebody, Agnew has been scaled down and has yet to pull its marketing and financing strings into place.

Like virtually all other Australian natural resource projects, Agnew has run into the classical dilemma of needing to move towards production soon to meet impending demand, yet being unable to produce the figures to justify profitable investment. Miners themselves *may be prepared to gamble on* the future of metal demand and prices: their bankers need the numbers, and the numbers simply don't add up.

Perhaps more than anything else, Australian resource development has become a *financing problem. The country* is littered with prospects that logic says will become mines which should be developed now to catch the trade cycle. But the necessary capital remains unconvinced.

The Budget helped. By restor*ing accelerated depreciation* allowances, it shortened the time between investment and payback. This concession has been widely anticipated over several months in the stock market, which has made natural resources stocks the pacemakers *in its run towards a three-year* high.

It should be a great year for miners with capacity either already paid for or cheaply *created. New miners* who squeeze through the maze and make it past financing towards production may have a hard time initially but should find it well worth the effort.

And as post-Connor shock wears off and policy settles down Australia promises to emerge among the few places in the world where natural resources abound, are relatively unexploited, and where stable government welcomes foreign investment in mining on clear terms. The stage is set for a strong, bumpy but sustained resurgence in the industry.

Don Lipscombe

GARRICK AGNEW

***NO INDIVIDUAL* is more persuasively involved in the *West Australian resource* industry than Garrick Agnew. He initiated west coast solar salt production and took the Robe River project from a marginal prospect which he pegged, lower grade than other Pilbara deposits, through the exacting negotiation phase into a mining and pelletising operation worth $A160m. on the yardstick of Robe River market capitalisation nearer $A300m. measured by its replacement cost.**

He earns royalties from Robe River that put him well into the millionaire bracket and retains 5 per cent. equity. Subsequently he has acquired the Wundowie iron and steel plant in the hills behind Perth with plans for integrating it into development of a nearby vanadium deposit to become the basis for ferro-alloy production. In common with many other Australian resources schemes, this has run into financing problems.

There are also titaniferous magnetite and gypsum interests in his portfolio and at 45, hardworking, intelligent and shrewd, he has accumulated considerable latent assets that will appreciate as international demand lifts; ultimately they are likely to go into a public float.

Perth Modern School captain of a vintage year (classmates included trade union leader Bob Hawke and fellow swimming star Rolfe Harris, the entertainer). Agnew became an Olympic swimmer, earning an athletics scholarship to Ohio State university, going on with an academic scholarship to Harvard Business School where he graduated with first-class honours.

After working in shipping in the Far East, he returned home as an ore and shipping broker in the years leading up to the mining takeoff which he was equipped to board. In 1970 he formed a partnership, Agnew-Clough, with Western Australia's biggest civil engineer Harold Clough.

Appointed to the Australian Industry Development Corp, the statutory body conceived to help "buy back the farm" from foreign investors, Agnew maintains that Australian skills and capital should be more effectively marshalled and utilised. In a country notably lacking long-term economic philosophy, there is no more eloquent and informed advocate for the natural resources case, although he chooses his forum and words with great care.

D.L.

ENERGY

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helped by the oil crisis, it was set back by Labor plans to take the gas at wellhead for trans-Australian pipelining. The participants — Woodside-Burmah, Shell, BP and Cal-Asiatic—backpedalled on planning, which did not resume in *earnest until late last year.* The fact that Burmah's equity has gone to Australian steelmaking, mining and petroleum company Broken Hill Pty. has moved things along.

A six-year construction programme is proposed to bring gas *ashore near Dampier,* in Western Australia's Pilbara, some of it for local onshore use, the rest superchilled as liquefied natural gas (LNG) for export to Japan and North America's west coast. The overall cost will be about $2bn., one-third each for onshore *facilities, offshore work* and the seven LNG tankers needed.

Petroleum exploration has focused on the west coast but in a gradual rundown to the current position of no offshore drilling before Christmas. Of Australia's 40 oil rigs, 38 were stacked and idle at the last official count. But, meanwhile, seismic surveys resumed early this year, and enough drilling is programmed to take up *perhaps a third of the rigs* by the end of next year. The LNG project alone will account for $20-30m. worth of appraisal drilling, plus engineering and other studies, over the next two years.

Accelerated depreciation allowances announced in the *Budget and the removal of a* levy on new-field crude oil production has helped the petroleum industry. A similar boost for coal has been the phased removal of coal export levies, which were imposed mainly as a result of booming coal profits by Utah.

Queensland's coking and steaming coal export ventures are moving forward as strongly *as any sector of the resources* industry. Queensland went ahead of New South Wales as the main coal state two years ago and is regarded as the place of the future in the industry, with Norwick Park, Nebo and Hail Creek moving towards production. Japanese steel mill negotiators have demanded more coking coal as a condition for accepting more iron ore.

Long the cinderella of mining, the coal industry's hopes are being buoyed by plans for increased local usage throughout the contry, early talks about conversion processes and feasibility studies to open new markets by exporting east coast steaming coal to North America's west coast.

The *past few years* have changed the Australian energy industry's structure. Only the biggest and strongest survived the Labor years, and the trend has been accelerated in the Budget. With its anti-inflationary austerity, the *Government has restored only* those incentives essential to bring the patient back from the brink of death and then only if it costs little or nothing immediately. Instead of promoting a broad base of Australian-financed exploration, a handful of monoliths have been backed in their domination of the industry.

Because this runs counter to the long-term trends of electoral sentiment, it will be corrected in time. Meanwhile, the fruits of the energy industry resurgence will be shared among the nation's burgeoning resource industry conglomerates and their multinational partners.

D.L.

JOHN HOWARD

JOHN HOWARD had been a Member of Parliament for only 19 months when Mr. Fraser made him Minister for Business and Consumer Affairs after the elections last December. It was a new portfolio, not without its contradictions in terms of conflicting interests, and it came as no surprise that Mr. Howard approached it with considerable caution.

Mr. Howard has ministerial responsibility for customs and by-law (duty-free entry) matters, consumer protection, securities industry regulation, industry protection policy, the introduction of uniform company law, the prices justification tribunal and the trade practices and competition policy.

Despite his lack of parliamentary experience, he is no novice in Liberal Party politics. Only 37 now, he was a member of the State Executive of the Party in New South Wales at the age of 24 and was vice-president in 1972 when he joined the campaign staff of the Liberal Prime Minister, William McMahon. He secured himself a safe Liberal seat in Sydney for the 1974 elections and was immediately made "shadow" Minister for consumer affairs by the new Party leader, Bill Snedden.

When Malcolm Fraser replaced Mr. Snedden he needed promising talent from New South Wales in his "shadow" Ministry to give it geographical balance. That accelerated Mr. Howard's progress and assured him of a senior place in the Ministry after last year's elections.

A solicitor with extensive commercial experience, Mr. Howard has a strong belief in looking at the market-place forces as a whole. It has been on that basis that he has rationalised, quite successfully, the apparent conflict between the interests of business and consumers.

Even at this stage he lacks a fully-constituted departmental structure to handle the wide range of responsibilities in the portfolio. Mr. Howard has made steady progress in several of the Liberals' priority areas. He will soon be announcing the results of reviews of the Trade Practices Act and the Prices Justification Act. Proposals for joint action with the State governments on uniform company and securities law are already under negotiation, as is similar joint action on national product and information standards.

Mr. Howard's view is that the slower, rather less assertive path of regulation in concert with the State-government's is essential for the sake of orderly results. There is obvious reluctance, if not resistance, in some States, but Mr. Howard leaves little doubt that he wants the results and will push very hard to get them.

The changes made by the new Government are likely to be far less dramatic than was expected when it took office. But they are all aimed at Labor government creations and will be seen by the opposition as watering-down processes which are likely to continue. That promises for the Minister a degree of political contention he has avoided so far. Mr. Howard has grown considerably in confidence in such a short time as Minister and he will need it all in the months ahead.

K.R.

MICHAEL YOUNG

ONE OF the safest predictions about the next Labor Government in Australia is that Michael Jerome Young will be one of its very senior ministers. Mick Young has established himself as a political "natural" on both the organisational and parliamentary levels, and at present, after little more than two years in the House of Representatives, is shadow minister responsible for industry and commerce, overseas trade, tourism and business and consumer affairs.

If he was to "shadow" the Government ministers in any detail the job would be virtually impossible. Mr. Young's bigger task is to formulate and, where necessary, reformulate Labor Party policies towards business. In effect, he is expected to make Labor credible to capitalists without estranging too many established supporters, who may or may not be socialists.

Mr. Young's selection for the job was based on natural talent rather than experience. He made his name as national Secretary of the Labor Party in the three years leading up to its successful election campaign in 1972. When he took over the job, Labor's national administration was a broken-down mess. When he left, it was a smoothly-functioning machine which the Liberals, commanding far greater resources, had reason to envy and respect.

Mr. Young is an ebullient former shearer and union organiser with a pronounced Irish temperament and a masterly touch in public relations. While he was Secretary of the Labor Party, he continued in the job of secretary in the South Australian branch, helping to mould that section of the Party, under Premier Don Dunstan, into a far more effective political force.

His reputation as a trouble shooter and fix-it man will be sorely tested by the task now ahead of him. Policies in the business areas get uncomfortably close to some of Labor's most sensitive nerves.

Already, there are some of his colleagues who look with deep distrust at any possible changes in Labor's traditional policies—woolly as they mostly are—on subjects like industry protection, business incentives and the maintenance of a mixed economy. The first real progress report from Mr. Young can be expected at the national conference of the Labor Party next July.

K.R.

Much needed reforms

THE NEXT wave of foreign investors will find Australia a more strictly but certainly better regulated market place. The Fraser Government intends to improve on labour legislation relating to trade practices and proceed, perhaps at a slower pace, with its own plans to administer company law federally and bring needed reforms into the securities industry.

The Minister for Business and Consumers Affairs, Mr. John Howard, has to move slowly into the corporate registration and securities areas because they involve broad constitutional issues. At the time of Federation few if any companies did business across State lines, so the division of powers left the control of the firms almost entirely with the States.

The situation, of course, has changed considerably since 1901. Many Australian companies are operating nationally, and the outdated laws are increasingly burdensome. A trading company has to register separately with seven governments under the present regulations. A typical anomaly is the fact that BHP, which got its start in Broken Hill, New South Wales, is formally registered in Victoria and listed as a "foreign" company in the other States.

The trade practices rules are a different matter altogether. The Government only has to smooth out the rough edges of the Trade Practices Act and take out any anti-business bias that might have crept into it. The Trade Practices Commission itself does not anticipate any fundamental change of its charter. The only issue now separating the two parties is how aggressively it should police the conduct of commerce.

Some of the Commission's first actions admittedly had a shocking effect on businessmen and professionals. Australian firms had grown up in a rather permissive climate created by weak federal statutes and employment-orientated State governments, which were happy enough just to get the businesses started.

Into this vacuum came the Labor law-makers with their panels of foreign experts. According to some business quarters, the Canadian economists who advised the Whitlam government on trade practices were not very familiar with Australian conditions. The Trade Practices Act of 1974 was consequently stronger in theory than in applicability.

The Commission simply did what it should do to enforce the law, which now provides for stiff pecuniary penalties and the right of private parties to take action against suspected violators. It undertook an industry-by-industry scrutiny of practices in possible contravention of the law and jolted many companies into conformity.

In the first year of the Act, the Commission investigated 1,661 cases dealing with consumer protection and 30 instances of corporate acquisitions or mergers. It took a strict view of the law in giving clearances to companies already engaged in marginal price-fixing arrangements. Of the 4,435 applications for clearance under Section 45 (contracts in restraint of commerce) and Section 47 (exclusive dealing) only 140 were granted.

Salutary

The clean-up certainly had some salutary effects. Since the severe penalty slapped on Sharp Australia for false advertisement, advertisers have been more scrupulous about the truthfulness of their claims. According to the Trade Practices Commissioner, Mr. R. Bannerman, the actions taken against the pharmaceutical industry served as a "catalyst" in reforming pricing and distribution policies.

The Commission found that 84 building societies required borrowers to take out property insurance from the companies they nominated — and in the case of 25 societies the borrowers were also obliged to obtain life insurance policies from nominated firms. This restrictive practice has been effectively stopped. Two societies undertook to contest the ruling but later backed down, leaving the high ground to the Commission.

But the cost in business opportunities—and possibly employment as well — has been high. According to Victoria businessmen, many insurance firms are in financial difficulties because of the loss of endorsements. And the hotel industry claims to have been hit hard by the Commission's adverse ruling on liquor price recommendations handed out by the Australian Hotel Association to its members.

Suffering from low occupancy rates and rising operating costs, the hotels have to fall back on their bar and restaurant patronage to stay afloat. The prescription of standard liquor prices would induce price-cutting and reduce profit margins even more.

The same may be true for chartered accountants, who can no longer charge standard fees. Medical doctors are in the same situation, though there is less sympathy for them considering the high incomes they normally earn.

"In principle I think many of the provisions of the Act are good and even long overdue," said Mr. Alan Lovell, the executive director of the Melbourne Chamber of Commerce. "But its timing has been bad on some businesses which are suffering from other causes." Rather than the instant implementation that it had, Mr. Lovell thought a three-year phase-in period would have been less disruptive to the industries.

Even if the new regulations cannot be contested legally, the Chamber felt that the affected industries should have been compensated somehow for their losses—for instance, in reduced licence fees in the case of hotel bars.

Though the law might be faulted for having been drafted by lawyers without the benefit of practical economic insight, it is not altogether oppressive. It is rather lenient on monopolies and mergers compared to the Sherman and Clayton Acts in the U.S. It is in fact a mixture of the British and American models.

"What has been done is to profit by the American experience and not to copy its extremes," Mr. Bannerman said. "We are a good deal more flexible than the American rules. In Australia a number of practices that are construed as anti-competitive in the U.S. can be accepted on public interest grounds."

The national backgrounds, of course, are different. The Sherman and Clayton Acts were the product of a trust-busting mood. And there were indeed a number of corporate giants to be cut down to size.

Monopoly

In Australia a number of monopoly situations have been allowed to exist—for instance, CSR in building materials, ICI in chemicals and BHP in steel-making. But they are offshoots of Australia's rather limited manufacturing industry and can scarcely be faulted for being where they are to-day.

Neither the law nor the Commission has an ideological aversion to bigness or corporate power. "We are not opposed to power for its own sake," Mr. Bannerman said. "What the law guards against is the abuse of power."

The managing director of BHP, Mr. James McNeill, made the distinction in another way. "We are a monopoly in some areas. But we don't monopolise. I strongly deny that we have taken advantage of our position as sole supplier."

The only action the Commission has taken against BHP was to warn it against share purchases it construed as "creeping acquisitions." It took notice when BHP enlarged its holdings in A.R.C. Industries from 28.29 per cent. to 30.69 per cent. and obtained a second seat on the A.R.C. Board. The Commission was concerned that BHP and its subsidiary, Australian Wire Industries Pty., were the only domestic suppliers of the target company and that its control of A.R.C. might "foreclose the entry of potential competitors to AWI." BHP agreed to the Commission's advice not to take more A.R.C. shares.

The Commission likewise decided not to institute proceedings against CSR for its takeover of the Australian Estates Company. CSR already processes 96 per cent. of Australia's refined sugar requirements, and its acquisition of AEC would bring its share of milling from 18 to 30 per cent. But the Commission considered CSR's agency contract with the Queensland Government and the minimal effect the purchase would have on the world market, so the transaction was not hindered.

In deciding a course of action, the Commission has made no distinction whether the investigated company was Australian or foreign. It is moving against British Petroleum on its relations with RPM. Its denial or clearance to the Shell Company of Australia strikes at the very heart of the conventional refiner-reseller arrangements. In many other countries oil companies are allowed to maintain exclusive-supply relations with petrol stations. Shell's clearance notice was rejected on the grounds that the arrangements "limit and control competition between resellers and inhibit the exercise of independent business judgment by the resellers."

To what extent the Commission's powers will be clipped is still to be seen. The Swanson Committee, headed by the former chairman of the Commission on Advanced Education, was expected to submit its review of the Trade Practices Act to the Government. Its bureaucrat-academic composition assures some degree of objectivity in determining how much streamlining is to be done.

The Minister for Business and Consumer Affairs, Mr. John Howard, intimated that the Act would not be totally emasculated. "While I do not wish to pre-empt what the committee may recommend, I should in general terms make it clear that in framing any amendments the Government will ensure that adequate protection for consumers remains an integral part of the Act," he said.

The planned registry and securities reforms are the product of Liberal initiatives going back to the late 1960s. The mining boom inspired some particularly horrendous malpractices in the stock exchanges and speculators burnt their fingers. A Liberal-dominated Senate select committee got to work on new companies and securities industry Bills, but the

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A new set of rules

HILE WAITING in the wings Labor to exhaust its welcome th the Australian voters, the peral and Country parties ew up a master plan to bring te financing back to a sound sis. The scheme is now established as the "new federalism," ough ironically it was Mr. itlam rather than Mr. Fraser o first used the phrase in that text.

For federalism read fiscal ponsibility, the discipline Mr. aser has imposed on his own leral expenditures and which expects the States to adopt part of the total belt-tightening regime.

Its outlines have emerged in ent Premiers' Conferences d in subsequent elaborations the Prime Minister and his easurer Mr. Phillip Lynch. nply put, the Commonwealth offering the States just ough for inflation compensation and some token growth — d no more.

Mr. Fraser's economic advisers ve pointed out to him one mental fact. The *apportion*nts to the States — in the m of general revenue assistce, general purpose capital ds and specific-purpose paynts—had been the fastestwing items of expenditures der Labor. Not entirely by incidence, the huge federal ficits were almost equal to the wth in State assistance funds. The dimensions of the lurge could be seen in the ord of total Commonwealth yments since the Labor Party d been in power—from 2.88bn. in 1972-73 to 3.771bn. in 1973-74, 5.825bn. in 1974-75 and to an timated $A7.705bn. in 1975-76. en accounting for the inflan which raged during bor's years, Mr. Whitlam s lavishing money on the ates as if it grew on gum es.

The essence of Mr. Whitlam's entralism" was not so much the expansion of general venue assistance—the untied aring of income tax collecons according to a formula based on increases in State *populations and nation-wide* wage levels. It was rather in the specific-purpose grants and loans for Labor's many good works—for housing, for universities, for hospitals and senior citizens' centres, for pre-schools and child care.

Expenditures for advanced education, for instance, swelled from $A27m. in pre-Labor 1971-1972 to $A109m. in 1974-75. For roads, the jump was from $A218m. to $A444m. within the same period. The Commonwealth also pumped money into areas where no direct State subsidies had been given before. These included child migrant education, land acqui*sition and sewerage.*

The States did not mind the new "Gold Rush" so long as they could spend the money as they wished. But where the Commonwealth largesse was felt to be an undue encroachment was in the flow of tied funds to local authorities—by-passing the State capitals and thereby eroding their authority over their own bailiwicks.

Mandate

Canberra, then in the hands of the small "l" liberals and trendies who came in with Mr. Whitlam, *claimed a broad* mandate to improve the quality of life at city and township levels. Mr. Whitlam had little faith in the ability of the State bureaucracies to do the job as well as he could. He first tried to obtain entry by amending the Constitution, but his referendum failed like all others before it. Australians, really conservative beneath their sun-browned skin, would rather leave their strange, convoluted charter well enough alone. So Mr. Whitlam made use instead of Section 96 of the Constitution which allowed Parliament to "grant financial assistance to any State on such terms and conditions as the Parliament thinks fit."

Section 96 opened the floodgates for centralism. One State's relations expert told the Financial Times: "If Gough Whitlam had been around for another five years he would have reduced the States to mere administrative units of the Commonwealth."

In his new budget Mr. Fraser has undertaken to undo three years of irresponsible centralism. He is providing the *States with an additional* $A900m., a 17 per cent. increase over the 1975-76 allocations. He feels he is already doing well by the States in as much as he *is lopping off $A2.6bn. from his* own federal budget. The increment is above the inflation rate of 12.3 per cent. and the average wage increase of 11.6 per cent., which leaves the States something in store for a rainy day.

But in the specific-purpose payments Mr. Fraser has chosen to be a good deal less open-handed. The Loan Council borrowings are not likely to expand more than 5 per cent. *For housing, a field the States* regard as crucial in halting the unemployment slide, the increase may not exceed 2 per cent.

The *Treasury's explanation* for the cutback is that State housing programmes had already received capital payments far beyond the Commonwealth's means. The Liberals no doubt want to see the revival of the building trades too but *they clearly prefer the initiative* to be taken by the private sector.

Procedurally, the key to Mr. Fraser's federalism is in a two-stage tax-sharing arrangement. At the first stage, which goes into effect this year, State and local governments will receive their financial entitlements automatically. In one stroke, this does away with the haggling that usually attends Premiers Conferences and with the need for State legislation just to collect *what the State is already* entitled to.

At the second, which is to take effect next year, each State will have the option of levying a surcharge or rebate on personal income taxes or authorising the Commonwealth to act as its collection agent.

The philosophical basis for the new federalism was laid down in a Coalition policy statement. "It aims to prevent the dangerous concentration of power *in a few hands. In so* doing, it provides a guarantee of political and individual freedom."

This might have sounded *reasonable enough to Mr. Fraser* but many of the States took vigorous exception to it. And as in previous federal State rows the States-rights advocacy did not necessarily follow party lines.

Mood

The first to rebel was New South Wales, the most populous State with financial and unemployment burdens to match. Within a few months of the Liberal restoration, New South Wales had turned Labor for reasons having more to do with the State voters tiring of 12 successive years of Conservative *rule than with the current* national mood. Mr. Neville Wran, a bright, personable lawyer, made much of the horrors of "double taxation" in the last *week of the campaign.* The denunciation of Mr. Fraser's economics made such an impression on the recession-hit electorate that it might well have turned the tide for Labor.

Mr. Wran inherited a fiscal problem that could only be solved by a recourse to federal aid of centralist proportions. The State railways are in deficit by several hundred million *Australian dollars. Even though* the $A432m. alloted to the State is $A21m. more than it got last year it will still come out $42m. short owing to the ravages of inflation.

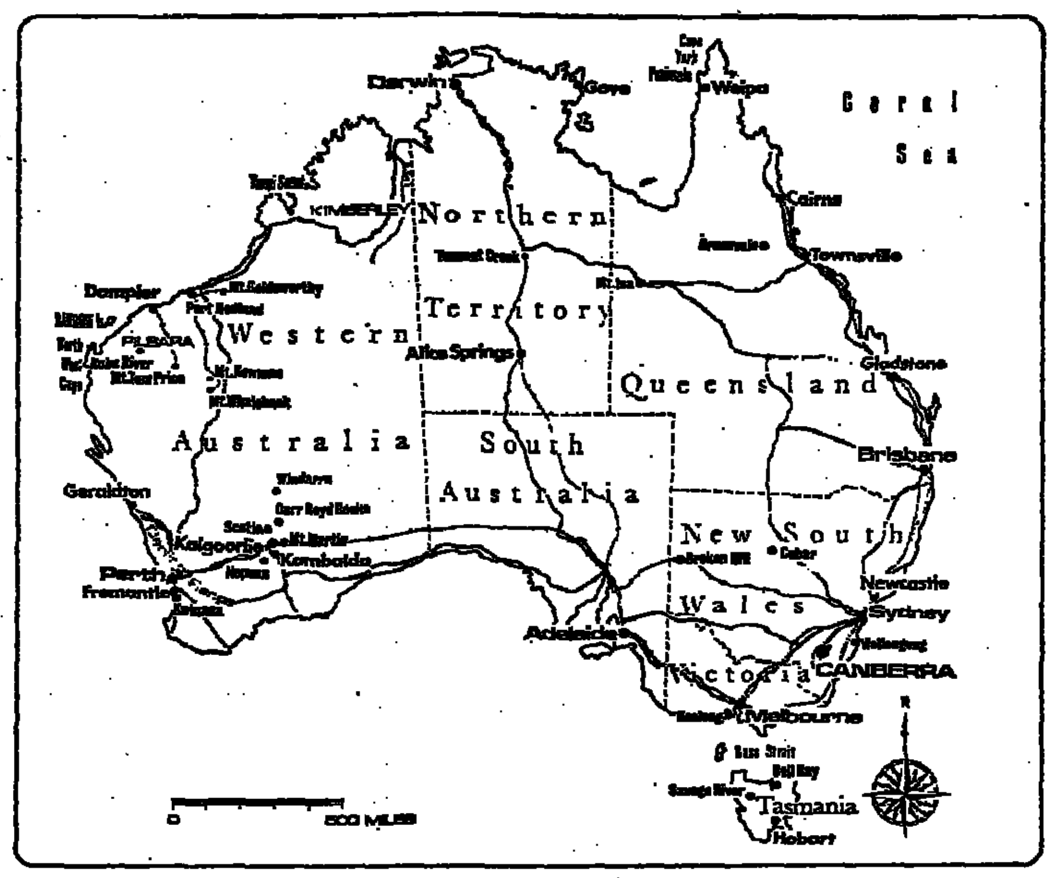
Mr. Wran is not alone among the Premiers in being averse to collecting income taxes again. This was a privilege the States gave up to help the Commonwealth during the war years. It was not really missed so long as *they kept getting roughly a* third of the Commonwealth revenues on silver platters.

When he does his State-bashing bit, Mr. Fraser chides the Premiers for wanting to "count the cash but never the cost."

The States have been prone to demand the return of their tax-collecting powers when the Commonwealth has stinted their *money. But by and large they* have preferred to endure the brief humiliation of coming to Canberra with their begging bowls rather than risk the *opprobrium of having* to tax their own voters.

Mr. Don Dunstan, South Australia's Labor perrenial and an eloquent States-righter, took *sides with his NSW colleague.* The new federalism, he said, was a "con job." He charged that it was "an attempt to force a centralist policy on the States."

The Victorian Premier Mr. Hamer is a Liberal but he too flinched at the severity of the Section 96 retrenchments. Victoria and New South Wales, the two biggest states, tend to *take common stands in* Premiers' Conferences, irrespective of party affiliations. They are both disadvantaged in the per-capita handouts which favour the underpopulated States like Western Australia and Queensland.



In a bipartisan view the new *federalism is a compulsory* course in State self-reliance as well as a stroke at the disease which ails Australia most—its debilitatingly high inflation rate.

By whatever "ism" it is called, Commonwealth patronage is rarely proffered without a display of whingeing and grandstanding on both sides of the table. That remarkable constitution carried the seeds of perpetual conflict among the seven governments of Australia. The States won the charter-drafting wars of 1891 and 1897-1898 only to lose the budget battles of later years.

But even though the Premiers may be holding out for the last possible dollar from Malcolm Fraser, the lesson is already *sinking in.* What saved the States from an even more crushing pinch were the cost-cuttings already underway when the Liberals took office. South *Australia, under the able Mr.* Dunstan, refused to go along with the centralist excesses of the federal party and was rewarded with a surplus of over $A2m.

The one element of risk in the new federalism is the possible failure of the State apparatuses to rise to the occasion. Mr. Whitlam was at least partly right. Some State services are inefficient by Common*wealth standards*, and one has been judged by a formal inquiry to be "incompetent."

Mr. Hamer is saddled with an unwieldy, seniority-conscious public service. The Victoria railways have also run up a whopping deficit as a result of short-sighted management — the amount would be sufficient to build Melbourne's long-delayed underground.

New South Wales is a mixed bag, almost Kafkaquese in the bewildering way it operates. The Queensland government is on the patchy side, its one major strength being a Department of the Co-ordinator General that has to approve every large expenditure.

The real challenge facing Mr. Fraser is to prove Mr. Whitlam wrong.

Western Australia has put a different sort of problem to Canberra. Its Liberal Premier Sir Charles Court needs funds to build the infrastructure for the new mineral projects to come on stream in the 1980s. During the first boom of the sixties, the private developers used their own capital to bring the ore out of the trackless outback where much of Australia's mineral wealth lies.

Infrastructure costs have since soared beyond the means of the shippers alone. To induce new investment the States have to offer to help build the roads, railways, ports and new towns. *There are few precedents for* State (and ultimately Commonwealth) funds being committed for the benefit of private enterprise, so Sir Charles has a hard case to argue in the Loans Council.

Another of Western Australia's options — floating its own bonds overseas — would have equally disturbing implications. The Commonwealth is not keen on competing with its own *States for international credit.*

E.L.

BUSINESS REGULATIONS

CONTINUED FROM PREVIOUS PAGE

Government changed hands before it could convert the proposals into legislation. Labor had blueprints for a Corporations and Exchange Commission Bill with the sweeping powers of an American-style SEC. The Senate, which was recaptured by the *Liberals*, blocked it on technical grounds and this is where the situation largely stands.

The laws as they stand are probably adequate (they had been made uniform throughout *the States by earlier reforms).* Where they fall down is in administration. The States seem to have been negligent in this respect. There has not been a single prosecution for fraud in Queensland since 1961, and there have been only a few in other States.

Compromise

The compromise being worked out by Mr. Howard is to allow the States to continue to handle most of the paper-work but to have the Common*wealth administer the laws.*

The Rocla Concrete Pipes case set a precedent which gives the Commonwealth a leg to stand on if the issue is ever contested in the High Court by the States. *Historically,* High Court rulings have swung away from the defence of States' rights to a wide acceptance of federal responsibilites.

The process may take several years more, but the trend seems to be set clearly. For overseas as well as domestic companies the reforms will be welcome. Few responsible companies like to turn a profit at the expense of shareholders and the public. As long as the ground rules are firmly established and uniformly enforced, they can live with them.

E.L.

A changed outlook

THE AUSTRALIAN Government's 1975-76 Budget delivered on August 17 contained one major surprise — the insurance industry was not on the receiving end of any handouts or concessions. Probably no one was more surprised than the industry. There had been strong lobbying in Canberra at least to give the life assurance industry back some of its privileges removed by the previous Labor government of Gough Whitlam. The rumours were widespread that the lobbying had been successful, and certainly this belief was shared by many senior insurance executives.

Shock

It must have come as a rude shock therefore when the insurance industry received not even a mention in the Budget, while other industries, able to exert strong leverage, such as mineral and petroleum companies, were handsomely looked after. Some insurance executives undoubtedly feel cheated. They looked upon the Liberal National Country Party government of Malcolm Fraser as an ally because it regarded the Whitlam government as a common foe.

While the Government may not have given the industry all it wanted in the Budget, there is no doubt that life under the Fraser government completely changes the outlook for the industry. Conditions may not revert to exactly the same state as pre-Whitlam but many of the changes Labor wanted to bring in will not be pursued by the LNCP coalition. Under Labor it seemed likely that workers' compensation insurance, which accounts for almost 25 per cent. of annual premiums, would be lost to the industry. Compulsory third party vehicle insurance and large sections of public liability insurance seemed likely to go the same way. On top of that the Federal Government planned to establish its own Australian Insurance Office to enter all fields of insurance. This proposal particularly worried the industry, which feared that a federal competitor could gradually squeeze most companies out of the field. The AOI has now been effectively buried because the Fraser government is ideologically opposed to entering into direct competition with private industry.

The Whitlam government's national compensation scheme is also under the microscope. As Labor envisaged it the scheme would have meant the end of workers' compensation and motor insurance damages because it established the concept of no-fault. The scheme would have covered all individuals 24 hours a day, seven days a week with compensation suggested at 85 per cent. of pre-injury earnings. Even without a change of government the scheme faced strong opposition to its implementation. One major problem was the enormous cost involved. If it had been operating in 1974-1975, when it was proposed, it is estimated the cost would have been about $A1.8bn. The scheme was in fact referred to a Senate committee in 1975 which raised serious doubts about its constitutional validity. The committee also said it had significant deficiencies.

Ironically, while the industry fought hard to resist attempts to take away its workers' compensation and motor vehicle insurance, it was losing heavily in both areas. The Federal Insurance Commissioner claimed that more than $A173m. was lost in these areas in 1974-75 and that there were "manifest dangers" to the industry and policyholders because premium losses were being funded from investment income. For an industry with available net assets of more than $A750m. this was a "most unsatisfactory" result. Most insurance companies reported heavy setbacks to earnings in 1974-75, with one or two reporting an overall loss. But all ran up heavy losses from underwriting activities. QE Insurance Group, the largest general insurer, incurred a loss of $A5.4m. compared with a $A10.6m. deficit in 1973-74. It included a deficit of $A13.3m. from underwriting compared with a $A15.2m. loss in this area in 1973-74.

Commercial Union of Australia, the local offshoot of the U.K. group, lost only $A1.3m. as a group in 1974-75, but in the four years to 1975 it lost $A21m. from motor business, $A18m. from workers' compensation and $A4.5m. from natural disasters.

Inflation was the major problem. Insurers were faced with a situation where the long backlog before motor or compensation claims were dealt with resulted in continually rising awards, because of inflation. But the companies still only receive the original premium.

Despite this, however, the workers' compensation and motor insurance business is important for the industry. These classes provide the bulk of the business and in 1974-75 resulted in a net cash flow of more than $A100m. Thus while the companies may be building up liabilities in provision for outstanding claims the business from these activities plays an important part in funding the industry's investment activities. Moreover, many insurance companies have substantial real estate investments, which would be difficult to liquidate suddenly if they lost workers' compensation as a regular source of cash funds.

Rather than move out of workers' compensation the industry would prefer to see it become profitable. The industry has proposed an "alternative" compensation scheme to the Fraser Government, which would do much to achieve this result. The industry wants to cover all claims which are incurred and are to be paid within a year, leaving the unprofitable long-term compensation cases for the government. The argument is that the insurance industry, with its network of branches, is ideally set up to handle the short-term claims which are the bulk of the work.

Support

This would be based on the Government providing a system of income support maintenance for a family breadwinner at a fixed percentage of pre-injury earnings, probably around 75-85 per cent. This would create problems of definition, particularly where both husband and wife are working, but would be much less costly than the Labor scheme. The notion of a universal, wholly no-fault proposition appears to have been dropped, as common law rights would still be maintained in some circumstances.

Exactly how the alternative scheme would be funded is undecided. One possibility is a tax on petrol to replace existing third party insurance and a levy on employers under workers compensation. Given the recent introduction of a levy for the Medibank national health scheme, this would probably prove acceptable to the Government.

Not all the insurance companies' problems were within their control. In 1974 and 1975 there was an extraordinary number of natural disasters, including floods in Brisbane (insurance cost $A90m.), floods in New South Wales and Victoria ($A100m.) and Cyclone Tracy, which flattened the northern city of Darwin on Christmas Day, 1975, costing the world insurance industry more than $A200m.

Pressing

The insurance companies are now pressing for establishment of a disaster fund, which would be funded by a small surcharge, possibly 0.05 per cent., on all fire policies. The Government's role would be limited to lender of last resort when there was insufficient in the reserves to meet claims, but the Government would be repaid out of subsequent fund contributions.

While basic challenges to the industry have thus been removed or at least pushed into the background with the change of government, the industry is still finding that the Insurance Act is making it more difficult for small insurers to stay in business. The Act provides that assets must exceed liabilities by 15 per cent. of premium income. Moreover, marketable securities held as assets must be valued at market, which could create obvious problems during a downturn. If premium income rises sharply the companies will need to find assets to match. Many substantial insurers failed to meet the standards and have been forced to pump in assets. Even so the number of insurance companies has contracted considerably over the past 12 months from around 250 to 150. Many industry observers believe this trend will need to continue, with perhaps two-thirds pulling out.

The reason is the limited market. Annual premium income is around $A1bn.; an average of only $A8m. per company. There has been an increasing trend in recent months for insurance mergers. The Trade Practices Act has also changed life for the industry. The Trade Practices Commission recently abolished the long standing practice of building societies directing borrowers to nominated insurers. The principles of the decision may be applicable to tied insurance arrangements with other types of lenders, such as banks, finance companies and life insurance offices.

The life insurance lobby has also not had things all its own way.

In the 1975 Budget Labor wiped out most of the tax concessions which enabled policyholders to claim $A1,200 a year in life and superannuation premiums against assessable income by switching to a rebate system with an automatic minimum concession. Before it gained office the LNCP promised the value of the concessions would be restored but to date has done nothing. Emphasis on the tax advantages has always been stressed in the sale of life policies. Although the life offices claim the rebate system has had little effect, with new sums assured reaching record levels, the rate of growth has slowed considerably. Moreover, premium income is rising much more slowly because of an increasing number of policy cancellations.

James Forth

BANKING

Monetary policy a key factor

AUSTRALIA'S TRADING banks are hoping for less emphasis on monetary policy in 1975-76. They feel entitled to this after the past three years during which the Government's handling of the economy has concentrated mainly on monetary measures. One result was the severe credit squeeze of 1974 which brought industry close to the point of collapse.

Promises

Problems started with the election of a Labor Government in December, 1972, after twenty-three years in the wilderness. Labor made a great number of promises in order to gain office, one of which was that taxes would not be increased. By the second half of 1973, when it realised that restraint was needed, it relied almost entirely on monetary policy. It began by freezing 2 per cent. of bank deposits in their statutory reserve deposits (SRDs) and until mid-1974 progressively tightened the screw. Unfortunately the squeeze was applied too suddenly, too severely and for too long.

The direct result was to push the economy into the most severe recession since the 1930s without halting the inflationary spiral. The economy is now on the tentative path to recovery but it will be a gradual process. There are encouraging signs, however, that the new Government's measures are now bringing inflation under control.

The LNCP Government of Malcolm Fraser has also laid early stress on monetary measures. One result has been restraint on bank lending and liquidity. But the banks are hoping that as the Government's fiscal position is brought under increasing control they will no longer have to carry the brunt of anti-inflationary policies. The Government has in fact made some moves on the fiscal front, such as indexation of personal taxes. More measures are expected in the 1976-77 Federal Budget.

A start will be made on introducing measures designed to enable companies to allow for the effects of inflation. A system known as cost of stock valuation adjustment (COSVA) is to be introduced, which will virtually enable companies to work on replacement cost rather than initial cost. Other fiscal steps, including cuts in company tax and concessions to mining companies, are also on the cards. Thus the banks may find some of the pressure removed.

It seems likely however that a relatively firm hand will be maintained on monetary policy for several months as the Government is concerned to keep the growth in money supply down to 10 to 12 per cent. for 1975-76, compared with the more than 20 per cent. a year rate in the last months of Labor's office.

The banks are still work through the after-effects of credit squeeze. In mid-1974 squeeze was so tight that banks were forced into a u competitive scramble for fun

Rates for certificates deposit (CDs) soared 20 per cent. but most of banks were still unable to m tain their liquidity at the m mum agreed level and w forced to borrow from Reserve Bank under lender last resort facilities. The ba incurred losses from the e cise which will be written over a five-year period so the aftermath of the squ will be felt for some time.

The severity of the sque can be appreciated when it realised that money sup which rose by 26 per cent 1972-73, actually fell at annual rate of 7 per cent September, 1974, quarter. Wh the Labor Government fin realised the dimensions of problem it over-reacted in opposite direction. Clas were taken off SRDs, reduc them from 9 per cent. to 3 cent., between June and Octo 1974, releasing about $A700m

At the same time the Rese Bank pumped funds into system by heavy buying commercial bills. The trad banks were told to encour their rate of new lending. Government also resorted heavy deficit spending in effort to revive econo activity. The result was dramatic turnaround in liquidity of the banking syst

At the start of 1975-76 bank's average ratio of liq assets and Government sec ties (LGS) to deposits stood 26.5 per cent. This gave margin of "free liquidity" 8.5 per cent. above the 18 cent. minimum LGS ratio banks were required to m tain. Further growth in b liquidity in the first half checked by lifts in the S ratio from 3 per cent. to 7.6 cent., which pulled more t $A600m. from the system.

In November the ba became embroiled in a const tional crisis when the LN coalition, then in opposit

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Legislation awaited

IVE YEARS ago the ustralian mining boom—which ripped local and overseas ivestors in a massive speculave splurge—collapsed in a elter of acrimony. After a ouple of scandals such as the ythical Tasminex nickel discovery, the boom was finally id to rest when one of its ighest flyers, Mineral Securies went into liquidation.

At the time a Senate select ommittee had been set up for ime months to investigate the ecurities and exchange indusy. It delved and probed for nother three years before eleasing a voluminous and amning report, known as the ae Report (named after the ead of the senate committee, enator Peter Rae).

The report catalogued a umber of abuses and malractices, defects in State dministration of companies nd securities legislation.

It was also highly critical of he sharebroking industry, ngling out several firms and anning the stock exchanges for ie loose control they exercised uring the boom. The broking rm which received most ttention, Patrick Partners, hich was easily the largest roker in Australia during the oom, collapsed last year.

The Rae report recommended hat the federal Government tep into the arena and nact companies and securiies legislation. It also urged ormation of a federal watchdog, long the lines of the Securities xchange Commission in the I.S.

The Labor Government of Ir. Gough Whitlam, which was hen in power, agreed with the ae Report and tried to mplement its recommendations. t got no further than securities egislation, which was rejected y the opposition, which held ontrol of the Senate. National ompanies legislation was not ntroduced before Labor lost ower last December. Now, two years after the Rae Report, it appears that Australia will get national corporations and securities legislation and that a federal watchdog—the National Corporations and Securities Commission — will be established. But it is likely to be a pallid imitation of the legislation planned by the former Labor Government. The essence of the proposals by the Liberal National Country Party Government of Mr. Malcolm Fraser is co-operation with the States on legislating and administering companies and the securities industry.

Different

At present there are six different State companies Acts. (Although they are known as "uniform" Acts there are differences from State to State), four different securities acts and various territory laws. The Whitlam Government planned merely to superimpose its law on the States in the belief that it would take precedence. But there is considerable legal doubt that the federal Government has the constitutional power to succeed in such a course. The Fraser Government has chosen not to test the matter. It wants to frame legislation in co-operation with the States, and utilise the existing State corporate affairs commission, or companies offices, which currently administer the State companies and securities laws.

The Fraser Government is not anxious to take over the day-to-day functions handled by the States, such as registration of companies, recording details of directorships, capital changes, profits, etc. The fact is that these arrangements work quite well for the great majority of companies, which are locally based and do not involve public investors, and which never use the securities market. They are also a source of considerable revenue for the States, through stamp duty, registration charges, etc., which they would be loath to lose.

Exactly how the Government's proposals will work in practice is not yet clear, as the legislation is not likely to come forward until early 1977.

Basically Canberra wants the States to bring their legislation completely into uniformity. It will then pass identical legislation and the States will cede powers to the Commonwealth. The States can repeal these powers if they are unhappy with the way things are going, but this would create such a mess once the system is operating, that it would be unlikely to occur.

The problem of regulatory activities and major investigative work is a grey area. Some of the States do not see a role for the NCSC in this sphere, but the State Labor Governments of South Australia and New South Wales are in favour of federal sovereignty in this area. South Australia's Attorney-General, Mr. Peter Duncan, said the proposal for States to retain their own regulatory bodies meant that the more active States would be reduced to the effectiveness of the most conservative, rigid and laissez-faire State: "Crippled by the lowest common denominator."

The federal plan appears designed to take over measures brought in by several States in the wake of the Rae Report. The non-Labor State Governments of Victoria, New South Wales, Queensland and Western Australia banded together to form a joint body known as the Interstate Corporate Affairs Commission (ICAC). They then passed a uniform Securities Industry Act. ICAC acts as an overseer but the States retain their powers. The federal Government plans to introduce a "comprehensive Corporations and Securities Act substantially in accordance with the law presently in force in the States which are members of the ICAC." Once this is achieved ICAC would be dissolved. Ironically the uniform securities industry Act passed by the ICAC States is currently under fire because it is claimed to be more restrictive in some areas than earlier Labor plans.

In particular, the rules governing insider trading have aroused such opposition that ICAC recently appointed a professor of law to examine the section and seek submissions, to see whether amendments were needed.

The insider trading section prevents a person who has been connected with a company from dealing in its shares if he possesses information not generally known but which if it were known would materially affect the market price. This could create problems for many company directors, such as directors of insurance companies, which are large share investors, and who sit on other Boards. Sharebroker-directors could also be affected. The section also states that companies must have arrangements set up to ensure that inside information cannot be communicated. This is creating confusion in companies such as merchant banks, banks, insurance companies and sharebroking firms.

Split

It may be necessary to split lending, investment and corporate advisory functions. It may also mean that employees cannot be transferred between these sections, even though it would involve a promotion. The way the legislation is worded companies might be guilty of an offence in a suspected inside trading if they did not have arrangements in force which guaranteed it could not occur. If that could be achieved there would be no need to police the section.

The Federal Government plans to seek the views of the stock exchanges, the securities industry and other commercial bodies before it introduces its legislation. While the States will probably prove reluctant to relinquish powers in the regulatory area, their record over the years is demonstrably poor. Investigations often take years to complete, and several, although complete, have never seen the light of day.

Even where highly dubious activities have been revealed, a great number of directors and company officers involved have escaped unscathed. Where action has been taken, the penalties under the State acts are comparatively minor.

Spotlight

The spotlight which from time to time has been focused on the securities industry since the collapse of the boom has, however, resulted in improvements. The uniform Securities Act is one case in point. The other major area of reform is among the stock exchanges, which have considerably tidied up their houses. Exchange listing requirements have been substantialy tightened, fidelity fund arrangements to protect clients in the event of a broking collapse have been improved. Exchange requirements have also been given the force of law under the ICAC securities legislation, which greatly strengthens the exchanges' power to police companies and members.

Melbourne and Sydney exchanges, which dominate the investment scene, are also working on a scheme to merge many of their activities, including their trading floors, which would go a long way towards bringing about a national stock exchange. This would do away with the State rivalries which have existed and introduce greater uniformity in administration of exchange rules. There is some resistance to the idea, oddly enough from Sydney rather than the more conservative Melbourne, but its implementation appears inevitable.

James Forth

BANKING

CONTINUED FROM PREVIOUS PAGE

efused to pass supply Bills, hey threatened the Governent's ability to pay its bills. he then Prime Minister Gough Vhitlam wanted the banks to rovide finance to pay public ervants and suppliers and arry it through the crisis. After everal days of intense discusions the banks refused to partiipate, precipitating the events hat led to the sacking of Gough Vhitlam, the double dissolution nd the election of the LNCP oalition to office.

Package

In January, soon after the NCP took control, a much ider ranging package of moneury controls was introduced in n attempt to finance the wollen Budget deficit and to educe money supply growth. he LGS minimum ratio was icreased from 18 per cent. to 3 per cent. until March, 1977, hich resulted in an immediate ghtening of the banks' quidity.

The measure meant that an dditional $A775m. in deposits ere held by the banks which ley were unable to lend. Even , the LGS adjustment was referable for the banks than RD call-ups, because they ould earn market rates for overnment paper but are paid ly 0.75 per cent on SRDs. It as the first change in the LGS ratio since 1962 and was a move the banks had been urging the authorities to take in preference to further moves on the SRD front. In fact many of the banks would like to see the SRD mechanism dropped altogether. They claim that, apart from the minimal interest rate, it forces them to build up high cost interest bearing deposits.

Whether the move in the LGS ratio signifies a change in official monetary management remains to be seen, as it was stated that the 23 per cent. level will run until March, 1978. Many banks, believing the SRD mechanism will remain, have been pushing for an increase in the interest rate they receive.

As it was, the banks had already been under a Reserve Bank directive to limit their new lending to around $A100m. a week, to keep a lid on things.

Along with the SRD change the Government made another significant move. It introduced a new security, known as Australian Savings Bonds (ASBs) which had a seven-year term offering 10.5 per cent. If the ASBs were redeemed within six months the interest rate dropped to 8.5 per cent. In effect this meant the Government was offering 10.5 per cent. for six months' money, well above the rates offered by the market. The new bond was ostensibly aimed at the public to tap the rapidly growing pool of household savings, but was rushed by market professionals.

Within a few weeks the Government was deluged with subscriptions of more than $A900m. which threatened to disclocate the capital market. The Government took the pressure off by dropping the rate to 9.5 per cent. But its tactic of siphoning off liquidity quickly worked dramatically. Fears then built up that the manoeuvre would result in insufficient liquidity during the normal April-June liquidity rundown as provisional and company tax payments were made.

The Government skilfully avoided a credit squeeze through a number of steps, including releases from SRDs, and open market operations with the Reserve Bank buying commercial bills. The Government broke fresh ground when the Reserve Bank indicated it was prepared to buy commercial paper from the trading banks as well if this became necessary.

Soaring

This virtually gave the banks a non-penal lender of last resort facility and avoided the sort of stampede for funds which sent deposit rates soaring during the 1974 credit squeeze.

The Government measures successfully brought the money supply back from an annual growth rate above 20 per cent. late in 1975 to 9 per cent. for the June half-year and 14 per cent. for 1975-76. The target for 1976-77 is 10 per cent. to 12 per cent., which suggests that monetary policy will still be reasonably tight. Even so the banks appear set for a better year — particularly if the inflation rate comes down, enabling the Government to cut interest rates. This appears likely later this year and the market is punting heavily on a cut in rates. If it occurs the banks should benefit and probably have the lending limits increased.

The merchant banks as a group had a relatively quite year, apart from those with money market arms which fared better in 1975-76 as interest rates receded from the high levels of the previous year.

With the economy in recession for the year the merchant banks generally had a lean time in other areas, such as corporate lending, investment services and takeover activities. The tentative economic recovery offers prospects of a somewhat improved climate for the merchant banks, but it will probably still prove a relatively quiet year for them.

J.F.

FOREIGN TRADE

An encouraging year

THROUGHOUT THE recession and into the present period of inching recovery. Australian exports have continued to record plus figures. The country has much to be thankful for this remarkable momentum of its overseas sales. Without them, there would be little else to be cheerful about.

The total export account grew from $A8.4 bn. in 1974-75 to $A9.2 bn. in the 1975-76 fiscal year ending last June. The growth rate did not quite match the 20 per cent. logged in the previous year but 9.5 per cent. was still well over the world average. Again, Australia was well served by its ability to switch its exporting strength from one farm product to another or from pastorals to minerals and back as the commodity prices dictate.

Wheat, traditionally Australia's biggest income-earner, was set back by 28 per cent. as a result of adverse climatic and marketing conditions. The worst drought Australia has ever experienced reduced the wheat-growing areas to the 1974-75 hectarages and the crop volume dropped from 8,251,000 to 7,900,000 tonnes. Wheat prices failed to hold so earnings came down from the 1974-75 record of $A1,093m. to $A960m. But all other Australian cereals managed to gain even though sugar could not match its windfall take of $A644.5m. in 1974-75.

The farm sector took a little heart from the gradual recovery of beef sales after the crushing 49 per cent. drop of the year before—a near-disaster caused by Japan's unilateral closure of its import quota and the nearly as severe protectionist measures taken by the U.S. and the European community.

In 1975-76 Japan responded to persistent diplomatic pressure from both Australia and New Zealand and allowed the re-entry of imported chilled beef in smaller but gradually stepped-up quantities. The period brought beef sales up to $A499m. — still far below the 1973-74 peak of $A635m. but better than the $A322m. of the year before.

The real brakes came in the minerals. Coking coal recorded another lusty jump of 36 per cent.—and to be fair some of the credit should go to the Labor Government which had otherwise made a muddle of the economy. Its Minister for Minerals and Energy, Mr. Rex Connor, shocked many Japanese steelmen with his interventionist tactics but at least he brought coal prices higher than they had ever been. Iron ore, still lagging in the price race behind coal, advanced by only 9 per cent. But for minerals as a whole the export performance was up 20 per cent.

Imports hardly gained — the result, in the words of an official Department of Overseas Trade report, of a "very subdued domestic economy." In none of the three general import categories — finished consumer goods, capital equipment and producers materials—was there anything like a revival of demand

The flatness in the import accounts is more specifically due to higher landed prices (the Australian dollar was devalued by 12 per cent. in September 1974), sluggish consumer spending and the hesitancy of the private sector to invest in new plant and equipment.

Surplus

If the physical trade is taken in isolation, Australia had done rather well. Its surplus went up from $A722m. in 1974-75 to $A1.4bn. and even allowing for the chronic deficit in the current account the present foreign reserves of $A2.7bn. (equivalent to four months of imports) are considered more than adequate by world standards.

The current period of 1976-77 may see the same kind of luck holding. Australia is not likely to achieve more than a token growth in the sales of its farm products but it can keep the momentum going in the minerals front.

The Bureau of Agricultural Economics forecast wool earnings of just over $1bn., a gain of about 3 per cent. Higher prices will just about offset an expected shrinkage in the clip.

Japan, which normally takes over a third of wool exports, is once again paying good prices. Many of its once-depressed spinning mills have got rid of their stocks and the Japanese are again indulging their taste for woollens with the knowledge that the recession is behind them. The other important markets, now that the U.K. has faded out of its historic role as the primary patron of the Australian flocks, are the Soviet Union, France and Germany.

Generally depressed conditions in the farms will be reflected in losses in butter, dried milk, casein and a lesser extent in cheese. Australia, at any rate, has to yield much of the ground to New Zealand in dairy products. The BAE expects the total value of agricultural exports to gain only 7 per cent. from the 1975-76 earnings of $A4,318m.

Again, the minerals are expected to come to the rescue. The Japanese mills are gradually stepping up their production this year, despite their persistent claims to poverty. This is no doubt intended to moderate demands for higher raw materials prices from overseas suppliers and for smaller increases in steel prices from their domestic buyers. However, as they work out the price arrangements, the mills are certainly going to buy more from Australia, Brazil and other traditional suppliers.

The iron ore shippers have agreed to hold prices down for the first half of the fiscal year but graduated increases up to over 20 per cent. are programmed until 1978. For the Queensland and New South Wales coal shippers the price hikes are considerably below what Mr. Connor achieved for them in 1975. But they are still certain to maintain their growth in earnings unless deliveries are interfered with by the weather and the unions.

Australia should be reasonably satisfied with its export performance were it not for some other worries. The one that bothers Treasury and Overseas Trade most is the unrelieved burden of the invisibles. The deficit has been growing steadily — from $A1.5bn. in 1973-74 to $A1.8bn. in 1974-75 and to $A2.3bn. in the last fiscal year.

Many of these payments are made for shipping charges, insurance, dividends and tourism. Not more than 10 per cent. of Australia's cargoes are carried in its own bottoms. The Australian National Line's difficulties in enlarging its share of the carrying trade—particularly the in bulks—offer no assurance that Australia will relinquish its deficit position in shipping in any short time.

Dividend

With the very large base of foreign investments in Australia, there is no way the drain of dividend payments can be halted short of draconian measures which no government is willing to undertake. And for a long time more Australians will be travelling overseas than other tourists visiting Australia.

Australia has been spared a real balance-of-payments crisis by its 70 per cent. self-sufficiency in oil. But the Bass Strait reserves are diminishing year after year and unless new exploration and development is undertaken a serious payments problem will occur by the next decade.

No responsible government really wants to maintain a trade surplus at the cost of starving the importers. This is particularly so in Australia where the larger segment of the work force is employed in manufacturing and services. Less than 30 per cent. of all imports are in finished consumer goods. The rest are in either capital equipment or producers materials.

Static imports mean that the car assembly plants are not increasing their intake of components, construction firms are not buying more earth-moving equipment than before, and office suppliers are not increasing their demand for calculators fast enough. The net result is a freeze in job openings and unemployment figures staying at alarming levels.

Australia has to import more and to do so it has to export more to stay ahead in the balance of payments game.

Since it relies so much on selling its pastoral products overseas, Australia has been exceptionally troubled by trade barriers. It is finding them, ironically enough, in the countries it has the closest affinities to, such as the U.S., the European Community and in Japan. When its leaders Labor or Liberal, go out on diplomatic sorties, advocacy against trade restriction is usually high up on their agenda.

This no doubt was the motive for Prime Minister Fraser's recent jibes at the EEC. He chided the Community for its "double standards for tariffs"—low for manufactures but high for principal products.

While the present Liberal Government has been overtly pro-U.S. in its diplomatic initiatives, it has considerable reservations about America's trade policies. The U.S. is imposing voluntary restraints on beef, limiting the Australian share to about 260,000 tonnes a year. It also has strict quotas on dairy products.

Canberra officials also point out that the U.S. is the only country with a tariff on wool. This is apparently intended to protect a fast-declining domestic wool industry.

Australia's trade record is not entirely unblotted in this respect. It has emergency import measures in force in three areas—motor cars, textiles and white goods (mostly household appliances). The DoT, however, does not equate these measures with the overseas barriers raised against Australian farm products. They are intended for the most part to prevent imports from rising disruptively above previous levels. In the case of imported built-up cars, the Government is committed to lifting the 90,000-unit quota at the end of this year.

The Government is also doing some hard thinking about the future performance of manufactures. Their share of total exports has risen dramatically from a mere 7 per cent. in 1954-55 to 22 per cent. in 1974-75. But there are few prospects to expand from here short of a major infusion of technology and a consequent restructuring of the industries.

Based on incomplete sectoral figures, it would appear that the export of manufactures actually diminished in nominal as w[ell] as real terms. The biggest lo[ss] was motor vehicles and parts, decline since 1973-74. The pr[ob]lems in the overseas mar[ket] are about the same the veh[icle] builders face at home. [They] have picked the wrong car—[the] six-cylinder Holdens and F[ords] which buyers no longer fancy much as the more econom[ical] four-cylinder models.

The high cost structure [of] Australia will make the veh[icle] builders and other manu[fac]turers less and less competi[tive]. Australia has a higher infl[ation] rate than any other OE[CD] country except Britain, [and] Australian workers are [now] among the highest paid in [the] world without the producti[vity] to justify their wages.

Prods

The exporters lack insti[tu]tional support. The DoT is [not] quite like Japan's MITI w[hich] pushes and prods the manu[fac]turers with a system [of] "administrative guidance." [The] Department merely reports [on] trade and serves as a pro[mo]tional agent overseas [for] Australian products as a wh[ole]. Recent Canberra directives obliging the overseas Tr[ade] Commissions to provide m[ore] service assistance to indi[vidual] industries and compa[nies] which is a step in the ri[ght] direction.

The Export Finance a[nd] Insurance Corporation off[ers] financial help to exporters recently to the extent [of] $A100m. But the EFIC is not [on] the scale of the Export Imp[ort] Banks of the U.S. and Jap[an] and it is not likely to achi[eve] that in a long time.

But export Australia must. [It] is not quite yet in the expo[rt]-or-perish situation Britain is. Its continental economy is [a] good deal more self-sufficie[nt] and even if things come to [the] worst. Australians can [still] feed themselves. The prim[e] motivation, held importantly [by] both political parties, is to ma[in]tain the high standard of li[fe] in which all Australians [take] pride.

E[...]

AGRICULTURE

Output badly hit by drought

THE DEFEAT of the Labor Party was welcomed by many Australian farmers who believed that the Liberal/Country Party coalition would be more sympathetic to their complaints. They had early confirmation of this when the superphosphate subsidy, which had been removed by Labor, was restored. Since then, beyond raising the guarantee for wool, the Government has done little, and can do little, to alleviate the basic hazards of Australian farming.

Climatically, it has been a bad year. There have been serious droughts in Western Australia and Victoria, and the wheat harvest is now expected to be substantially down on earlier forecasts. Milk production, particularly in Victoria, has suffered not only from drought but from low prices which have made fodder feeding too expensive to contemplate. Many dairy farmers claim that they will be out of business by the end of the year. Thousands of dairy cows have been shot and buried.

But they are not the only farmers to suffer. According to the Bureau of Agricultural Economics the ratio between the prices received by farmers and the prices paid for inputs has fallen from 101 in 1973-74 to 60 in 1975-76. Real income is expected to rise somewhat, but even so it will no more than restore farmers' income to the levels enjoyed in 1971-72.

Quotas

Farming is of vital importance to Australia. Some two-thirds of its production, representing $A43bn. is exported, and this represents just over half of total exports. But exporting is far from being easy. For most food products the traditional overseas markets are either restricted by quotas, tariffs or outright prohibition by developed countries—the U.S., the EEC and Canada for example. Other markets are being flooded by subsidised exports from the EEC and some other countries.

It is probably true to say that the present difficulties of finding viable markets will not disappear for many years. Even if markets can be found their returns are enormously reduced by the very high transport costs from the Australian farms to the European, American or Asian markets. This makes it all the more essential to find products of high intrinsic value —wool is the best example— where the transport costs only make up a small proportion of the overseas delivered price.

Wool production is expected to remain at roughly the present figure of just under 800m. kg. annually. The price has been raised by Government guarantee to 275 cents a kg. for micron 21 clean wool. Although this figure is better than the previous two years the general consensus among producers is that the price will have to rise further if the industry is going to meet its increasing costs. The prospects of further price increases is dependent on the revival of the world economy and the cost of manufacturing artificial fibres relative to the cost of purchasing raw wool. The auguries at present seem fairly promising, particularly for the coarser wools, but not sufficiently so to lead to a great expansion of the sheep flock. There is concern at the stock of 1.3m. bales held by the Wool Commission.

The beef situation cannot by any stretch of the imagination be termed encouraging; cattle numbers are at an all-time high of 33m. head and markets in the U.S., Canada and Japan are limited by quota. The EEC is for all intents and purposes closed, and were it not for the Australian practice of killing large numbers of cattle at a very early age as vealers for the home market production of fat cattle would be much higher.

Recent seasons have been favourable and there has been little forced selling from the main producing areas. Beef prices are slightly better than they were a year ago, but even so they are probably lower at the farm than in any other country in the world. Exporters have been able to sell increasing numbers of chiller quality cattle, rather than the manufacturing qualities generally exported, but production of this class of animal is not easy under Australian conditions—particularly when cereal prices are high, as they are at present.

Unless there is a major and catastrophic drought in Queensland and New South Wales there could well be a further rise in output. It's worth noting here that beef production in Australia, as in many other countries, was encouraged by some very optimistic forecasts of future consumption by the world's more affluent nations. But the reality—partly, but not entirely, because of the world recession—has been most disappointing. People just don't want to pay enough money for beef to satisfy the producers.

Lowest

Australia is fortunate that its costs of farming sheep and cattle are probably the lowest in the world at present. But inflation is attacking the lower cost enterprises just as savagely as the more intensive ones. Shearing, dipping and handling the sheep are taking an increasing share of the wool cheque. Fencing costs have been rising fast, as have wages, and transport costs between the farms and the markets or sources of supply. This is the infrastructure of the industry, and unless increased earnings can be obtained it is bound to deteriorate.

Cereal production, particularly wheat, has been profitable during the last three years and farmers were preparing to expand production to meet what was believed to be an excellent demand. However, the drought in Victoria, and Western Australia in particular, could well reduce the wheat crop from an originally forecast 12m. tonnes to between 6m. and 8m., with a consequent reduction in producers' earnings and also export returns.

It is unfortunate that this reduced yield is coming at a time when the world wheat market seems to be easing under the influence of heavy crops in the U.S. and reduced demand because of good crops on the Asia mainland, one of the traditional export markets.

As with livestock farmi[ng] cereal farming is suffering [in]creasing costs—particularly [of] mechanisation—which cou[ld] well remove the cost advanta[ge] previously held over oth[er] areas. Land costs are still hi[s]torically low, but machine[ry] costs per acre must be approac[h]ing those of Western Europ[e]. It costs much the same in tim[e] fuel and labour to cultivate a[n] acre in West Australia as [in] Norfolk. The yield in Austral[ia] is about a third of that [in] Britain and it is doubtful [if] Australian farmers could sta[nd] much of a drop in their return[s].

The dairy industry is expe[ri]encing the worst crisis in [its] history, which has been ve[ry] much aggravated by th[e] drought in the main produci[ng] areas. Farmers have even bee[n] taking to the roads to public[ise] their grievances, but nothi[ng] that they or the Governme[nt] can do will make any improve[]ment in dairy returns possib[le] until the huge surpluses [of] dairy production in the EE[C], North America, etc., are [re]duced by natural or politic[al] means.

Sugar growers have, fina[n]cially speaking, had three goo[d] years. They have not suffere[d] from the loss of the Britis[h] market on the termination [of] the Commonwealth Sug[ar] Agreement and although price[s] have now fallen from the hig[h] peaks of 1974/5 they are sti[ll] very attractive to low-cost pro[]ducers such as the Australians. Production of sugar is expecte[d] to rise by about 300,000 tonne[s] to just around 3m. tonnes an[d] the Sugar Boards expect to sel[l] it all so long as fair competition operates in world markets.

The fruit industry, fresh or processed, is more or less adjusting itself to supplying the home and nearer markets instead of placing too much dependence on the Northern Hemisphere. Costs, particularly in packing and transport, are proving very difficult to meet and the situation is made worse by the tariffs and preferences given by the EEC to Mediterranean and ex-colonial countries.

John Cherrington
Agriculture Correspondent

More scope for Japan

THE AUSTRALIAN motor industry is facing a new Japanese challenge—with the Japanese competing this time as manufacturers rather than importers.

Under the new car manufacturing plan announced by the Government, Toyota and Nissan will be on the same footing as the three established makers—General Motors Holden, Ford and Chrysler—by January 1, 1980. By then all five companies should be producing cars with an average local content of 85 per cent.

The Japanese threw down the gauntlet by announcing major investments in small-engine manufacturing, the key process that will bring their Australia-based production to 85 per cent. Toyota will put in \$A40m. to tool up *Australian Motor Industries*, its 50 per cent. joint venture in Melbourne, for the fabrication of four-cylinder engines for its popular Corolla and Corona 1600 series. Nissan has plans to invest about the *same amount in* an expansion programme for its recently acquired plant in Clayton, Victoria.

These decisions have already had profound implications for the distribution of car-*manufacturing* capacity in Australia. *Victoria* will benefit from an even larger concentration of *manufacture, assembly* and components.

Parts

Within the few blocks of each other at Fishermen's Bend, one of Melbourne's industrial districts, Toyota and GMH will be producing (and possibly interchanging) parts for their small-engine lines. GMH's new input has been announced to be in the neighbourhood of \$A17m. All the additional works put *together will bring in as many* as 2,000 new jobs.

Victoria seems to have been favoured because of its central location on the eastern seaboard which holds the bulk of the Australian car market and the array of component makers already established there. Ford, Honda and Renault also have assembly and other facilities in the State.

The other States seem to have lost out in the scramble for new plant and new employment opportunities. The only important works in New South Wales are the Pagewood assembly line for GMH's biggest cars (the Statesman series) and the Leyland operations, now reduced to the assembly of Minis and Land-Rovers.

South Australia was let down by the break-up of the proposed Japanese-Chrysler consortium which would have located the biggest single four-cylinder engine plant in Lonsdale. But the State may benefit to a lesser extent by Chrysler's decision to go into small engines independently and a Nissan proposal to derive its engine castings from the Chrysler foundry.

The Japanese entry may have *an even more sweeping effect* on the viability of the American-owned companies and the future shape of the Australian market.

Having the Japanese, with their tested management and *production techniques, operating* under the same privileges would test GMH's leadership as *it never has before. The Holden,* as all-Australian a car as the industry can produce, is still the top-seller but its lead is narrowing. The market share of the six-cylinder family (predominantly Holdens and Falcons) has diminished from 70 per cent. in the last 1960s to 55 per cent in 1975. These medium-sized cars have been losing ground mostly *to the popular petrol-saving* Corollas and Datsuns.

Vagaries

Industry experts say that the issue may simply be decided by the vagaries of consumer taste; *in short, whether Australians* will buy small or medium-sized cars in the next few years. The Japanese are committing their capacity to small cars while the Big Three still have most of their plant geared to medium cars.

If most buyers continue to look for economy, the Japanese are almost certain to prevail. The Holden, initially marketed as "Australia's own car," has only one thing going for it. *Australia's road distances* are such that a somewhat heavier car is needed for travelling *between cities and into the out*back.

Some points may be won or lost in the way the companies *manage the transition to 85 per* cent. The old firms will be coming down—in the case of GMH from a current average local content of 92 per cent. The Japanese will have to build upwards from their present attainment of 62 per cent.

Ostensibly the Japanese would appear to have the harder route. The mark has been brought further from reach by a Customs Bureau ruling that only the *Australia-made* material put into components by outside suppliers (that is, the selling price of the component minus the duty-free into-store cost of any imported parts) will be counted as local content in totalling up the contents *of the car. Thus,* even if Toyota gets its transmissions from Borg-Warner Australia, it cannot count them as 100 per cent local components *if* some parts of those transmissions are imported.

The Japanese are also handicapped by a late start. While the *Big Three had transitional* planning under way since late last year, the Japanese did not get official approval to enter the plan until last June.

Contrary to popular belief, the Big Three would not have an easy time coming down either. While they are phasing out their high-cost lines, the Japanese will still be enjoying the benefit of cheap imported parts. When they all reach content parity the balance *sheets will tell which came out* winning.

The old firms have to cope too with a safeguard thrown into the plan to protect local suppliers from a disruption of their accustomed markets. Before GMH or Ford can revert from local sourcing to imports, it will have to get the approval of the Department of Industry and Commerce.

The challenge will really be in the fine economics of car-making. The Japanese will compete with *essentially the tools*—the same assembly-line techniques and the same kind of work force. The issue may be decided in the way these tools are used.

For the Japanese, producing cars under these circumstances will be a unique experience. The Australian assembly lines are different from those in Nagoya or Yokohama—and considerably less efficient. The workers are not as loyal or *strongly* motivated *as* the Japanese blue-collars who have not struck in a single Toyota nor Nissan plant in 15 years. The new entries will have to draw their work force from the same vehicle builders employees' unions which have halted GMH lines over various grievances.

AMI will start out with the same shopfloor problems. Over 70 per cent. of the workers are new migrants from 41 different countries. Not all can speak English. Some shop stewards have to give directions in Italian or Greek.

Japanese managements, how*ever, have a way of getting the* most out of a work-shift. One *of their secrets is constant on*-the-job training. They involve their workers and reward them well for performance. Whether Japanese methods can work wonders in an Australian factory is for the future to tell.

Wartime

Historically, because of the Government's wartime desire to make Australia self-sufficient in vehicle manufacture, GMH became, with the help of a \$A18m. loan from the Commonwealth Bank, the company to develop a car which proved eminently suitable for Australian conditions.

For many years GMH was indisputably the leading Australian maker. Its work force swelled to 26,515 and in South Australia *it was the leading* employer. Things began to go wrong only after 1973, when its profits dropped by 2 per cent. and its exports—once as much as 25 per cent. of total production—begun sliding down. Inflation sent all costs up. Wages rose without a corresponding increase in productivity.

GMH's proudest asset—the fact that the Holden was a 95 per cent. Australian product—became its greatest liability. The Australian-made cars could not compete with the products from the more efficient overseas factories even at the high protective tariffs in force.

In 1964 the first of many Government manufacturing plans was introduced. Plan A, which some makers entered into, gave incentives to bring local content up to 95 per cent. within five years. The plans were changed *three times before the Industry* Assistance Commission released a shocker of a report.

This revealed that the industry *to be grossly inefficient* with four times as many stamping and engine plants that the market could afford, twice as many transmission and axle plants and twice as many assembly plants. The cost inefficiencies were highest in the making of body panels, rear axles, trans*missions* and some *electrical* components.

The present plan announced by Senator Robert Cotton, the Minister for Industry and Commerce, is a somewhat more practical variation of the 1975 Labor plan. The 85 per cent. formula was retained as a reasonable compromise between excessively protective higher content rates and the alternative of more import-sourcing which would have given the *game to the Japanese.*

Each company will have to work out the best way of achieving the required content levels. The Japanese are at an advantage in not having any body-stamping facilities in Australia to start with. The *panels* will be imported under by-law concessions from the more efficient units in Japan.

E.L.

FARM EXPORTS

The need to diversify

DURING the run-up to Britain's entry into the Common Market, Australian *interests complained* loud and long about the damage that the Common Agricultural Policy would do to the country's traditional exports to Britain of grain, sugar, meat and fruit.

In the event they have been proved right. Between 1972-73 and 1975 sales to the U.K. of dairy products dropped from \$A28.5m. to virtually nil, beef and veal from \$A100.9m. to \$A12m., *wheat from \$A28.7m.* to nil, and sugar \$A39m. to \$A33m. *by the end of* the year ending June, 1975. Sugar exports are now phased out so far as Britain is concerned by the ending of the Commonwealth Sugar Agreement.

But the impact of the virtual loss of the British market has been nothing like as serious as it would have been for New Zealand, because the Australian rural economy is much *more* diversified than that of its *neighbour. There is* a much larger home market, and in particular the Australian selling agencies, many of them producer-controlled, have received very strong backing indeed from the Federal Trade Department which is actively, often aggressively, represented in most *potential customer* countries around the world.

The process had also been materially assisted by the boom in cereal prices which started with the Russian purchases in 1972, and the 1974-75 sugar boom. Both happened just at the time when Australian exporters would have felt the effect of the EEC levies on grain and the ending of the Commonwealth Sugar Agreement in 1975.

In consequence the Australian Wheat Board has been able to remove quota restrictions *on* growers and diversify sales into areas previously dominated by U.S. supplies, particularly in the Pacific basin, Asia and the Near East. In 1975 the main customers were Egypt, the Republic of China, Japan, Pakistan and Russia, out of a total of *27 countries outsides* Europe. It's certain that as long as world stocks remain at their present low levels, Australian wheat should be able to find a market within these areas for all that can be produced.

For sugar the virtual loss of the British market of 360,000 tonnes was offset by a substantial rise in exports sparked off by the 1974-75 boom, notably to the U.S., and the prospective sales of large *quantities* to Japan and other destinations under long-term contracts. In fact prospects so encouraged the Sugar Board that an increase in production of about 10 per cent. in total output was being looked for within a fairly short time.

The boom has petered out, and world prices and *prospects* at present do not look as favourable *as they* did two years ago. This is partly because of a decline in demand for sugar caused by high prices. It has been particularly marked in Japan, where difficulties have arisen over the implementation of the long-term sugar contract because traders were unable to dispose *of their stocks.*

This, it is hoped, will pass as the world comes out of recession, but nevertheless this fact accompanied by the possible increase in exports from EEC countries once production there recovers to normal levels could create difficulties, for the export of the 1m. tonnes surplus to home requirements.

The virtual closing of the EEC market to third country beef, including Australian, in July, 1974, was a serious blow, as the U.K. alone was taking about 20 per cent. of total exports at that time. The problem was aggravated by a similar restriction of the Japanese outlet and by the insistence of the U.S. *on strict adherence to* import quotas. This was serious because exports to these *three* countries amounted to 85 per cent. of total exports in 1973-74.

Expansion

There has been some penetration and expansion in a number of minor markets, notably Taiwan and the Philippines, and important sales to Russia. But there is no doubt that any exploitation of alternative markets *will be extremely difficult.* The ban on third country beef, principally affecting Australia, is much criticised by EEC traders because the beef is of ideal manufacturing quality. There is a shortage of such beef in the Community, although there are large stocks of good quality beef *in intervention stores.*

It is certain that within the Pacific basin, Asia and Africa there are millions of consumers who would absorb all Australian beef if either their religion or their incomes allowed them to. *Australia is ideally situated to* supply their demands on grounds of both economic production and geographical proximity. But will this market ever develop?

Australian exporters have found reasonable markets in increasing number in the Pacific *basin and particularly* in the Middle East, and there is a substantial trade in live sheep to Middle Eastern countries. This is a competitive market and both here and in Japan, the two main growth areas, serious competition can be expected from New Zealand.

For dairy products the going has been difficult. There is intense competition *from New* Zealand and the Common *Market in many of the world's* markets, and in the present world surplus situation of skim milk and butter and in the face of rigid import controls there is little than can be done by diversification on a large scale. The overall picture has been for a reduction in total exports over the past three years, but this has been masked to some extent in the statistics by a sale of 20,000 tonnes of butter and 3,000 tonnes of butter oil from previous years' stocks at a discount.

There has certainly been *diversification* and some increase in sales of processed milk products to over 80 countries but the quantities in many are small. No one can say that the Australians are not trying.

John Cherrington

State of public expenditure

THE NEW SOUTH WALES elections on May 1 have further complicated the prospects for a year which was already shaping as one of the State's most difficult in the post-war period. Whichever side had won the election there would have been the same aftermath — the process of bidding for votes made certain of that. In the event, it was a Labor Party victory and Labor's bids were roughly three times higher than the outgoing Government's—about \$A180m. a year in total on a full-year basis.

The new Premier, Mr. Neville Wran, has not promised explicitly that all the promises will be kept in his first year. Some may be quietly shelved altogether. But there are a good many that the new Government will not be allowed to forget, although it may slow them down or scale them down in the stringent circumstances ahead. A few were so central to the election campaign and the whole question of credibility that they demanded immediate action—and got it. The most striking example was the promise to reduce fares on Government-operated public transport by an average 20 per cent. This is draining about \$A80,000 from the State coffers every working day in addition to the transport system's normal operating losses, which amounted to \$A124m. in 1974-75.

Passengers

The idea of the fare cuts was, of course, to demonstrate demand elasticity—more passengers instead of higher fares. But Mr. Wran is quite frank about the basis for the decision: "We have to take a punt. We know we cannot arrest the mammoth transport deficit for a year or two. The reason people in and near metropolitan Sydney don't use the public transport system is because it's a rotten system—dirty, irregular and too expensive. Now if we're wrong about this we've made a major error in judgment, not only in respect of public transport but in our whole budget strategy." Mr. Wran has shown a capacity for disarming frankness but with the Budget only a few weeks away the scope for accurate judgment is extremely limited.

In addition, the new Government has promised to spend \$A825m. over five years on a public transport rehabilitation programme. It outbid the previous Liberal-Country Party Government in this department by \$A65m. There will be about \$A27m. available to NSW from Mr. Malcolm Fraser's Federal Government for urban public transport projects but, unfortunately, the State Government will not be able to claim it all. The State Treasury has already advised the Government that "while this provision is likely to be of considerable assistance in financing an expanded work programme of the Public Transport Commission, some difficulties could arise in taking up the full sum as some projects included in the NSW programme are not proceeding."

Education

Except for education, there are few areas where the State Government can look to Canberra for increased funds and, in fact, the money available for many of the specific programmes started by Mr. Gough Whitlam's Government will be sharply reduced. In their place is Mr. Fraser's "New Federalism" plan, giving the States a fixed share of income-tax collections, and the right to levy a surcharge on tax for themselves. Mr. Wran, however, has closed off his options as firmly as is possible. "I would think that any State Government that introduced a second income-tax would buy itself a one-way ticket to political suicide. We are overtaxed as we are and further taxes merely provide a disincentive."

Mr. Wran suggested during the election campaign that his programme could be paid for in several ways: selling off Government land along the routes of expressways which Labor intended to abandon, leasing unused railway land, closing loopholes in the death duties law which were claimed to be losing \$A50m. revenue a year, and eliminating "millions of dollars worth" of wastage. There may well be considerable scope for savings by overhaul in the machinery of Government—a task which Mr. Wran has set as one of his first priorities. Short of Draconian measures which the Labor Party would find hard to swallow, however, it is not easy to see this kind of saving having much effect in the present financial year.

Retrenchments, for example, would seem to be out of the question for a Labor Government in a State which alrea[dy] has 43 per cent. of all [the] nation's unemployed—and wh[ich has] a specific election promise [...] to provide jobs for 3,000 [un]employed teachers. Despite [this] election promise, Mr. Wra[n's] Treasury has already advi[sed] him: "It would seem that ine[vit]ably all States will be forc[ed] sooner or later, to impose [a] State income tax to satisfy the[ir] budgetary requirements. [In] short the Commonwea[lth] Government will have succeed[ed] in shifting from its should[ers] to those of the States a co[n]siderable part of the opp[ro]brium attached to raising t[he] revenue required to finan[ce] essential community services. A better match between t[he] opprobrium of taxing and t[he] kudos from spending is one [of] the main features of M[r.] Fraser's "Federalism." In t[he] year ahead, however, that w[ill] be little comfort to Mr. Wran."

K.I

NEVILLE WRAN

NO STATE is more sorely troubled by the persistent recession in the Australian economy than New South Wales—the most populous and industrialised of them all. Forty-three per cent. of the nation's 300,000 unemployed are in NSW, 31 per cent. of those are under the age of 21. The drought has seared vast areas of the western wheatlands, dairy farmers are in dire trouble where they are geared to exports, beef markets remain as depressed as ever. Federal Government policies in Canberra point to either reduced State Government spending or higher taxes and charges in the year ahead. While the construction industry in the rest of Australia picks itself up, NSW remains anchored in a trough. Unless there is an unexpected change of heart in Canberra, the big State dockyard at Newcastle is set on the path to closure.

That list of troubles—far from exhaustive—is one of the reasons why New South Wales has a new Government and a new Premier in the person of Mr. Neville Wran, QC. The list was slightly less daunting on polling-day three months ago, but most of the trends were plain to see. If prospects had looked brighter at that time, the Liberal Premier, Sir Eric Willis, only recently installed in the job, would certainly have hung on. As it was, the result took nearly a fortnight to decide. In what used to be regarded as a traditionally Labor-voting State, the Labor Party was recalled by the barest margin after 11 years in opposition.

Neville Wran was not even in Parliament when Labor had its previous taste of power. If it were not for the acumen of the party machine strategists, he would not be Premier now. Mr. Wran was given a seat in the NSW upper house in 1970 (under a voting system which involves only existing members of the Parliament, not the public). His talent, style and looks marked him out quickly. The NSW Labor Party had tried a succession of traditional and competent leaders of the old school, without success. Why not Wran?

His translation from the upper house to the legislative assembly was organised smoothly. His election as Party leader was either a matter of luck or hair's-breadth judgment by the machine organisers—but it duly happened. And while the Liberal-Country Party Government was going through a damaging period of doubt and contention about its leadership, Mr. Wran and his party consolidated a winning image.

Neville Wran bears no resemblance to the old-style Labor politician in NSW or anywhere else. At 48, and with a successful career as a barrister behind him, he looks as prosperous as he is, has a confidence quite disproportionate to his political experience, a convincing warmth that owes nothing to back-slapping and ockerism—a style that, overall, is as conservatively suave as his appearance.

At university he was a good enough actor to get professional engagements which helped to pay his fees, and he almost dropped out of law for the stage. His father convinced him he would be a better lawyer.

For all that, Mr. Wran's background is archetypically Labor. He was raised i[n] Balmain, a working-cla[ss] suburb of Sydney. Becau[se] he was the youngest of eig[ht] children, it became possib[le] for the family to suppo[rt] Neville at his studies where[as] his brothers and sisters ha[d] had little choice but to go o[ut] to work.

Mr. Wran becomes Premi[er] at the age of 48, determine[d] to consolidate Labor sti[ll] further for a long period [in] office. The parliamenta[ry] party elections have give[n] him a team of, as the clich[é] has it, "youth and e[x]perience"—a former Premi[er] and a former deputy leade[r] for example, and an attorne[y] general in Mr. Frank Walke[r], 33, who is ranked fifth in [a] Cabinet of 18 after only fiv[e] years in Parliament.

Ministers like Mr. Walke[r] and Mr. Sid Einfeld, in charg[e] of consumer affairs, hav[e] spilled out a spate of ide[as] and actions which give a[n] appearance of activity to o[ff]set neatly the basic fact th[at] Mr. Wran is taking thing[s] very cautiously, indeed.

His preoccupations are jo[bs] and the State budget to b[e] presented this month. The[y] are likely to maintain priori[ty] over potentially contentio[us] changes—like the legalisatio[n] of Sydney's well-establishe[d] illegal gambling casinos, despite Mr. Wran's wel[l-]established reputation as [a] civil libertarian and "small [l] liberal.

K.R

VICTORIA

Where Liberals still govern alone

AFTER TAKING his first, long look at the Fraser Government's "New Federalism" policies, the Victorian Premier, Mr. Rupert (Dick) Hamer flew home from Canberra and called an election. His judgment was borne out by the subsequent misgivings in every State about Federalism—but also, of course, by the election result.

Mr. Hamer's Liberal Party Government increased its numbers by nine from an already comfortable working majority and now has an assured three years to weather any storms that may arise from the New Federalism. The vote was a strong endorsement of Mr. Hamer from the electors but the same cannot be said about the Premier's treatment at the hands of his new Parliamentary Party.

Despite their armchair ride back into office at these elections the Victorian Liberals are heading towards an internal clash which could shake the solidity of the Hamer Government.

Mr. Hamer was the personal choice of Sir Henry Bolte to succeed him when he stepped down from the Premiership in 1972 after his record term.

There was no doubt in Sir Henry's mind, or anybody else's, that Mr. Hamer came from the progressive wing of the Liberal Party. In Sir Henry's judgment, that was the direction in which both party members and the electorate wanted to move. The bulk of evidence still supports that judgment but the Liberals now have to face the fact that at the level where [it] counts — in Parliament — [the] change has not worked out.

In his first election campai[gn] as leader, three years ago, M[r.] Hamer's strategists adopted a snappy slogan "Hamer mak[es] it Happen" but Mr. Hamer w[as] saddled with a highly conse[r]vative Cabinet that did its be[st] to make sure nothing much di[d] happen. Now, the same thi[ng] has happened to him again.

The 18-member Cabinet—elected by the Parliamenta[ry]

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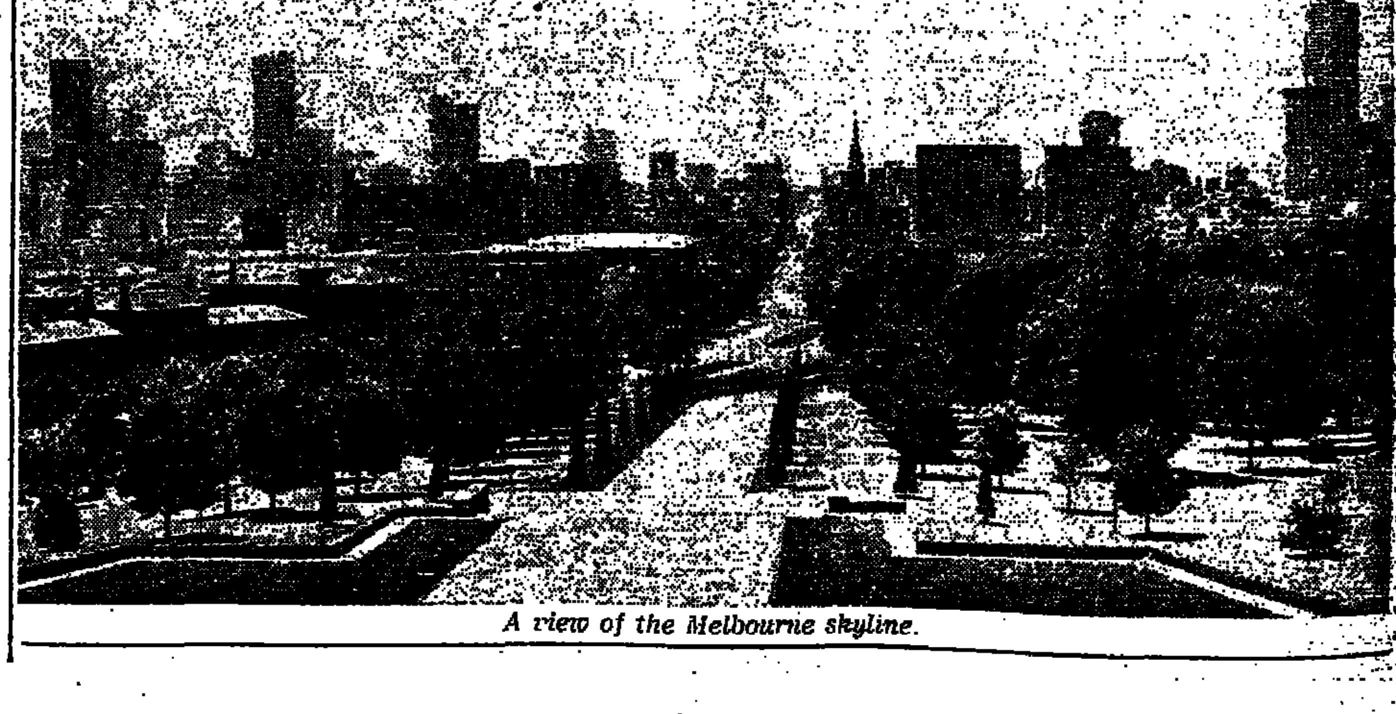

A view of the Melbourne skyline.

هكذا من الأصل

Emphasis is on social reform

[SO]UTH AUSTRALIA is only a [fe]w months short of ten years [of] Labor Party Government in [wh]at has come to be called "[t]he modern era"—to distin[gu]ish it from the preceding 32 [ye]ars of benign conservatism, [mo]stly under the guiding hand [of] the record-breaking Liberal [Pr]emier, Sir Thomas Playford.

[Ad]elaide still likes to be called [a] city of churches, but it is [als]o rather smug about the [us]ually over-blown description, "Athens of the South" which [cro]ps up regularly in some of [th]e more colourful accounts of [a] decade of change. Social [re]form is the outstanding [fea]ture of the changes wrought [by] the Labor Governments and [it] continues at a far brisker [pa]ce than anywhere else in [Au]stralia.

Looking at its home territory [wi]th unusual frankness earlier [thi]s year, the Adelaide Adver[tis]er said of the closing days of [th]e Playford era: "we were the [fur]thest-flung outpost of [Bo]wserism — prim, proper, [as]leep in the sun. To some [pe]ople Adelaide had become a [ve]rtiable local sodom; what with [its] strip shows, abortion wards, [se]x shops, grubby magazines [an]d pornographic movie palaces. [Ce]rtainly it is a different city [fro]m the one Sir Thomas Play[for]d farewells but for most [pe]ople it is a nicer and kindlier [pla]ce as well."

[C]apacity

Adelaide is indeed a gracious [an]d easy-paced city — more so [th]an any other in Australia. [Tw]o-thirds of the State popula[tio]n lives there and they have [de]monstrated a capacity to [ab]sorb and applaud change [wh]ich rather belies their repu[tat]ion for conservatism over [su]ch an extraordinarily long [pe]riod. Sparsely populated rural [So]uth Australia has not taken so [ki]ndly to the Labor years, but [fin]ds increasingly that there is [lit]tle it can do to bring back the [ol]d power balance.

To achieve office in 1965, the [La]bor Party had to overcome [an] electoral gerrymander of pro[po]rtions at least equal to the [on]e that still prevails in Queens[lan]d. The two-thirds of the [po]pulation who lived in [Ad]elaide elected one-third of [th]e members of the House of [As]sembly.

Voting for the Upper House, [th]e Legislative Council, was [re]stricted by a property fran[ch]ise which put it forever [be]yond Labor control. Removal [of] the restrictive franchise has [see]n the Labor Government [gr]adually increase its Upper [Ho]use numbers, though it has [ye]t to taste control, and the [ne]xt State elections will be con[tes]ted on electoral boundaries [wh]ich reverse the old balance [of] power. The people of [Ad]elaide will elect 33 members [of] the House, the rural voters

[A]ccording to the Liberal [Op]position leader, Dr. David [To]nkin, the old gerrymander is [sim]ply being reversed, but there [are] few supporters for that view. [Th]e electoral commissioners [ap]pear to have been meticulous. [Th]ere is general agreement, [tho]ugh, that the Labor Party [wil]l be the chief beneficiary of [the] changes. Dr. Tonkin [rec]kons the likely result as 26 [or] 27 to 20 or 21.

[T]hat would come as a great [rel]ief to the Premier, Mr. Don [Du]nstan, who found himself [gov]erning after last year's elec[tio]n with no majority in the [Ho]use of Assembly or the Legis[lati]ve Council. He survived by [the] goodwill of a former Labor Party member, elected as an Independent, who accepted the post of Speaker.

The changes will give even deeper personal satisfaction to Mr. Dunstan, since he has campaigned for a "one-vote, one-value" electoral system ever since he entered Parliament 23 years ago at the age of 26. And it will be just as gratifying to the former Liberal Premier, Mr. Steele Hall, whose period in office from 1968-70 was abruptly cut short by his commitment to equality of voting in the face of bitter opposition from his own party.

The extent of population concentration in and around Adelaide is illustrated graphically in the new electoral boundaries. The electorate of Eyre now embraces 75 per cent. of the entire land area of South Australia, making it twice the size of the State of Victoria next door. Yet it has only 15,000 voters compared with the average of 17,000. The people have no choice but to cluster around the available jobs and resources—and both are constant headaches in South Australia.

One of Adelaide's distinctive visual features is the predominance of stone in house construction, of shrubbery and plaited branches substituting for normal fences. It is a distinction enforced by the acute shortage of local timber. Even the telegraph and telephone poles are made of concrete and steel. There is not a major town in the north and west of the State. Every last ounce of growth has to be wrung from whatever growth opportunities appear.

Under Sir Thomas Playford and the subsequent Labor Governments the basic growth strategy has been to attract new industries and a high proportion of immigrants. Cars and the whitegoods industry have been the main successes but both now find themselves under threat. It was a major blow to South Australia when the plans for a major four-cylinder engine plant based on Chrysler's foundry at Lonsdale fell through this year. The prospective Japanese partners in that deal, Toyota and Nissan, will now have their own plants in Victoria with an investment around $A40m. each.

Chrysler has had a constant fight in recent times to retain its share of the car market and General Motors-Holden, which also has major facilities in South Australia, has shown increasing irritation with the extent of industrial disputes. The whitegoods industry has had recurring crises in competing with imports. Most overseas suppliers are now firmly restricted. New Zealand is a notable exception, however, and the big GMH plant there continues to worry South Australia.

Sights

The Government has been forced to raise its sights for future planning. Two years ago it was encouraged by the prospects of a major petro-chemical industry on Spencer Gulf, drawing feedstock from the Moomba natural gas fields in central Australia. It is not absolutely clear whether that project has died or gone into indefinite deep-freeze.

Now, however, there is a plan for a uranium enrichment plant sited on South Australia's southern coastline. It has to survive the basic hurdle of whether Australia decides to have any sort of uranium industry. But if that is negotiated there will still be two or three years of feasibility studies and proving work before any firm propositions can be advanced.

The cloud currently hanging over the future of the shipbuilding industry in Australia is particularly serious for the Whyally yards in South Australia, where the prospects for alternative employment are virtually nil.

For all his economic problems Mr. Dunstan managed to produce a modest surplus of $A2m. for the 1975-76 year. The sharply increased flow of funds from the previous Labor Government in Canberra helped the result considerably, as did the handing over to the federal authorities of the State's non-metropolitan railway system. The immediate future, however, looks less comfortable.

Mr. Dunstan's Government is widely expected to call an election before the end of the year to give it a more comfortable position from which to approach its problems. With the new electoral boundaries it can be fairly confident of the results, whereas a by-election (which would be decided on existing boundaries) could threaten its very existence.

In the meantime the social reform programme goes on steadily. Legislation is before Parliament or on the way dealing with rape, the abolition of capital punishment (there has been no hanging since 1964 anyway) and the abolition of public drunkenness as an offence (this is part of a general review of drinking problems). The Government has a strong commitment to worker participation in management, more plans to strengthen its position as the most innovative administration in Australia on consumer protection law, and a host of community health and welfare projects.

Despite the clouds on the horizon Adelaide will remain a "nice and kindly" city for quite a while yet.

K.R.

DONALD DUNSTAN

MR. DON DUNSTAN, QC, Premier of South Australia, was on the front pages of most Australian newspapers a few weeks ago, smiling down from the back of an elephant . . . a promotional bonus for his new recording of Ogden Nash's verses for Saint Saen's Carnival of the Animals.

It seemed not all that surprising coming from Mr. Dunstan. His flair for the theatrical and liking for the unconventional have been well known since he became Premier, for the first time, in 1967. He has what more than one writer has called "star quality," most of it innate, the rest carefully developed as part of the tools of trade.

With what looks like final victory close at hand in a long fight to remove the gross inequalities from South Australia's electoral system, Don Dunstan could be Premier for a long time. His own candid hope is that it will be about 15 years more (to retirement age, 65) and he has the rare capacity to make a statement like that sound neither big-headed nor naive. Those are the facts about the South Australian and Dunstan situations—at least as they appear now.

The Labor Party machine in SA is the most stable in the country and the Dunstan Government runs in much the same fashion as the machine. There is an easy acceptance of differing views at the outset of a Cabinet discussion because every Minister knows that one way or another they will be melded into a collective decision. The Premier's word is certainly not law. Mr. Dunstan freely admits that his viewpoint is frequently over-ridden—"probably about once a month on average."

Mr. Dunstan is 50 this year and looks 10-15 years younger. He has mellowed considerably from the abrasive, hair-trigger leader who was put into the Party leadership to create a new image back in 1967. It is some time now since his famous appearance at a summer sitting of Parliament in skin-tight pink shorts and a T-shirt: Familiarity with power has made Mr. Dunstan a calmer and more considered politician, even though he is still capable of a fine, raging performance when he feels it warranted.

Despite some mellowing, Mr. Dunstan still sees himself as "rather more radical" than the Labor Party in general, but does not regard it as a problem. "They know very well from their experience of my activities as Premier that I'm not going to go beyond the consensus which can be established in the party. And I'm not going to go out and commit the Party to what is my personal view until I have persuaded the rest of the Party to that view." But to actually fix the Dunstan view in some part of the political spectrum is more than usually difficult. He says very firmly that he is not out to create Utopia, that practicality is his stock in trade. Despite that, his sights are set high: "I'm trying to create in Adelaide and other areas of South Australia the best urban conditions in the world. I think we have a chance to do this . . . (in) . . . the most urban part of the most urban nation of the world . . . in providing the best of urban conditions, what I'm trying to do is to provide not only an urban environment, but security and diversity of employment — a quality of life which allows people enjoyment, to be able to do their own thing, to be individuals in society." Whether public or private enterprise is the instrument for achieving chosen ends does not worry Mr. Dunstan much.

It was natural that Mr. Dunstan would attract attention as a possible national leader of the Labor Party and a potential Prime Minister. He is frank in saying that his main interest is not at that level of Government because the quality of life issues that concern him most are better handled by the States. If there was an all-out Party crisis, however, he could be drafted: "The Party would have to be in such a mess Federally that all (State) branches saw it as necessary for me to go to Canberra as somebody who had experience in running the Party on a consensus basis and who was a known public figure. But all branches would have to insist on that. I don't see it happening."

After 23 years in politics, Mr. Dunstan still works hard at being successful. He goes through a rigorous daily routine of jogging and exercise, works long hours, finds it necessary to exclude politics even from conversation in his private hours and is constantly looking for flaws or possible innovation in the presentation of his Government's actions to the people. Considering that Government was returned without any Parliamentary majority only last year, a forecast of another 15 years in office may seem super optimistic. But Mr. Dunstan is working at it.

K.R.

[V]ICTORIA

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[me]mbers and two appointed by [Mr.] Hamer—contains only five [cer]tain votes in support of the [Pre]mier's general views. Two [of] them are from his own [app]ointments without which he [wou]ld be entitled to regard the [res]ult as a near-disaster.

[T]he Cabinet ballot is bound [to] encourage trouble which has [bee]n fomenting for several [mo]nths in the organisational [win]g of the Party outside [Par]liament. There have been [vario]us allegations of branches [bei]ng "stacked" to inflate their [voti]ng power and their repre[sen]tation on higher bodies with[in] the party, and there has [em]erged a far more active and [ide]ntified conservative faction [com]bined with more open [que]stioning of Mr. Hamer's [app]roach to issues like con[ser]vatism and land use plan[nin]g. Aspects of some recent [up]heavals are still being investi[gat]ed by party officers and [the]re have been public under[tak]ings that any improprieties detected will be dealt with firmly.

That is likely to be little comfort to Mr. Hamer in his present corner. At best, it seems capable of merely slowing down the movement which has emerged. And if reprisals are stern enough, the Party will risk the whole conflict being dragged into public view. Alongside that sort of display, Mr. Hamer's skilfully-developed exercise of keeping Government as low-key as practicable while still looking busy could hardly survive for long.

Victoria is the only state where the Liberals govern alone and developments will be watched carefully by other States and the Government in Canberra. Victoria is where the Liberal Party started and where its spiritual headquarters remains. The Prime Minister, Mr. Fraser, would certainly want the present difference contained before they spread to his area of Liberal politics.

K.R.

Prosperity is just below the surface

WESTERN AUSTRALIA has moved almost imperceptibly into the early stage of another surge of resource developments, the big-scale extractive and processing industries that reshaped the state in the 1960s. That boom is still being digested. Most West Australians believe that, if the resurgence comes at all, it will be slow, gentle and digestible: they don't like booms because of their after-effects.

But given a fair survival rate among the projects presently being negotiated the take-off will be dramatic. Of about 30 *big ones planned, a third have* a reasonable chance of being edged into the final feasibility stage during this financial year. Even three would compress into one year the tally of the past four years.

The State's economic well-being is closely attuned to the level of activity and confidence at the mining sites and processing plants. Through a combination of high inflation and costs, labour troubles, low over*seas demand and the legacy of* federal labour policies that accelerated the flight of capital, miners are stalemated and confidence has ebbed.

Although the root causes of the malaise are changing, West Australians have grown tired of holding their breath awaiting the breakthrough. Consumers are saving their money: even the free-spending young rummage with veterans' discrimination among the winter bargains, although there are diverse anomalies in the strong sales of colour TV, portable appliances and bicycles. Investors, stimulated by limited-life incentives, have spent what they plan to spend and are again holding off.

Initiated during the iron ore and nickel boom, about 1m. square feet of newly built Perth office space has been progressively discounted, the market having been hit by the slowdown in Government leasing. Demand for industrial land and space is improving and investment in flats and home units is recovering from an earlier glut, although it can be justified only with the prospect of steadily increasing rents and capital gains.

And the gloomy side of the picture is rounded off with drought. After producing more than a third of Australia's wheat last summer, cushioning the State through the worst of the recession with bumper crops and high prices, the West's wheatgrowers have had barely enough rain this winter to plant their seed.

Because farmers' cash has been the main ingredient in the home-building industry's prosperity, the drought has also *killed off the sharp recovery in* building approvals that was producing symptoms of a boom—shortages of skills and materials, panic buying, runaway prices. Housing was the last limb of the State's economy to show any kick. When it began to lapse, wider expectations fell back too.

Perhaps the most appropriate introduction to the optimistic view comes from Mr. Ian MacGregor, chairman of the American resource developer Amax and of the American Mining Congress, who in Perth recently rated the State "very much superior to any other investment area, clearly very much ahead of the country as a whole."

Rarity

Mr. MacGregor sensed a turning point for American investment in Australia generally, adding that "every time I come to Perth, I'm impressed all over *again. For their numbers, West* Australians have achieved more than any such group in the world."

His comments can be either discounted or fortified by the facts that Amax has become the most pervasive of the multinationals working in the State; that among mining men, Ian MacGregor is a rarity with such optimism; that eight of the 30 West Australian projects under consideration involve Amax; and that corporate policy has been to divide expansionary dollars about 80 per cent. for the U.S., nearly all the rest for Western Australia.

The achievements Mr. MacGregor refers to centre mainly on iron ore. Although the first exports began only ten years ago, the Pilbara iron region lifted Australia ahead of the U.S., second in the world only to the USSR, among iron-producing nations. Nickel production followed, with all the distortions of a resultant ram*paging stock market. The next* move forward rests on the prospects of developing natural gas, base metals, bauxite and uranium deposits and of expanding iron ore production.

But the optimists have lost their credibility, both because of the long wait for something big to happen and because problems have been played up, partly to convince the workforce that strikes and unrealistic wage demands will produce no real or sustained gains.

The State's *Premier,* Sir Charles Court, has had to face a paradox, forced to hammer home the lessons of falling competitiveness—thus tending to argue against his own assertion that, once again, Western Australia is about to *lift* the country out of recession as it did ten years ago. His calls on businessmen and professionals to make themselves ready are heard by an increasingly secptical audience and the brain-drain of key technologists has become acute.

Projects

So the West Australian scene is easy to depict in black-and-white. Either investment stays unjustifiable and development prospects are passed up, or the ingredients of impending projects quickly jell and the whole economy blasts off. Most West Australians continue to foresee apparently intractable problems: few are yet ready to beat the drum, like Ian MacGregor.

In the grey area between these extremes, but tending well towards the brighter end, there is evidence that significant moves are being made in anticipation of the State's combination of resources, wealth and political stability proving potent enough to overcome the problems. But the situation is influenced by complex dynamics: it is as important to convince international bankers that this is a good place for investment, and raw material purchasers that prices are right, as it is to convince workers that pushing too hard will overturn recovery, and employers that they need to get ready to expand again.

Like Australian Olympians, who failed to win a gold medal at Montreal, West Australians are disorientated by their re*cent "failures", despite their* impressive record. Without the ballyhoo that accompanied 1960s initiatives, they are missing the *subtle feedback* from recent decisions that have locked their economy firmly into forward motion, with every prospect of momentum building up quickly.

D.L.

SIR CHARLES COURT

AS THE man most closely identified with Western Australia's mining, petroleum and processing developments, Sir Charles Court has had a difficult couple of years. For he performs best as a political leader when bringing to fruition the new projects that have transformed the big state (1m. square miles, 1.15m. people) from a rural backwater to a major resource producer.

It has been a long time between these occasions and his promises to get things moving again after his election in 1974 have been thrown back at him. Never widely popular, regarded more with awe than affection in the electorate, his personal ratings have slipped; but this has not been enough to risk seriously his Government, against a slipshod and divided Labor leadership, at the election due by April, possibly before Christmas.

Sir Charles Court is Premier, Treasurer and Minister Co-ordinating Economic and Regional Development. As a younger man, he was a national champion cornet player and still takes the baton occasionally as a guest conductor. With his personal style—accepting a prodigious workload, delegating only reluctantly, impatient with fools, critics and surrogates and carrying on as if it were still 1953 and he were a 42-year-old newcomer to Parliament—he has become a natural for cartoonists to depict him as a one-man band.

Court is a natural entrepreneur who gets his kick out of power rather than money. Son of a battling English migrant plumber, he founded a successful chartered accountancy firm before enlisting as a private and being discharged as a lieutenant colonel; he was awarded an OBE for service during the Bougainville campaign. He has dominated West Australian politics for the past decade even before succeeding Sir David Brand. Turning 65 next month, he has become senior statesman of Australia's State politics.

Western Australia in the booming 1960s was tailor-made for Sir Charles Court, his intellect and vision sealing up Government processes to match the times. Uncomfortable in stagnation, he has continually foreshadowed the next big lift, orchestrating what he believes will be the most demanding, complex but exciting period of West Australian history.

K.R.

TASMANIA

Labor's traditional insular stronghold

A YEAR ago, the Labor Government of Tasmania seemed doomed by its own internal dissensions and, perhaps as much as anything, by the unpopularity of their Party colleagues in Gough Whitlam's national Labor Government.

The Liberal Party opposition in the State Parliament pressed for an early election even before the Whitlam Government fell. They kept pushing this year and now seem faced with the near-certainty of an election within a few months which they are unlikely to win.

Tasmania has an election system comparable only, so far as can be ascertained, with Ireland — a system of multi-member electorates returning members for five-year terms *through a finely-tuned method* of proportional representation. It is never likely to produce landslides in terms of seats compared with votes as happened in the national elections last December.

But the same system has produced a Government in Tasmania to-day that bears little resemblance to the one elected with a quite comfortable majority of 21-14 in the House of Assembly. The veteran leader of that time, Eric Reece, was deposed last year and the new Premier, William (Bill) Neilson, 50, is only now starting to project himself as a helmsman firmly in charge of things.

Six of the members returned in 1972 have departed the scene. Five of them were ministers who resigned in a space of little more than a year. The opposition had a strong point in claiming that since it was already a different government, it ought to be prepared to *seek confirmation from the* voters.

Tasmania's brand of Labor politics is the most sober and restrained of any in Tasmania—one reason why it has held power for 35 of the past 38 years, under only three leaders. Of the most bizarre features of the opposition pressure for an early poll was an attempt to depict the Neilson administration as the representatives of virulent socialism.

The truth of Labor's near-fatal faltering last year lay more in the search for any sort of new momentum to overcome one of those periods of lethargy that are almost inevitable in a government so long in power. There is not much evidence that they have yet found that momentum but, after some painful reconstruction, it is at least more likely.

The best thing going for Mr. Neilson's Government in Hobart at the moment is Malcolm Fraser's Government in Canberra—and, ironically, the Whitlam administration that preceded it. With only 400,000 population and a perilously small industrial base, Tasmania is perpetually hard-pressed for resources, even with the various balancing mechanisms built into the Australian federal system.

It was only to be expected, therefore, that the State Government would seize enthusiastically on most of the Whitlam Government programmes that represented cash in hand or the lightening of financial burdens. When Mr. Whitlam offered to take over State railway systems, Tasmania snapped up the chance before he could change his mind. It was the first to join the Medibank scheme of national health services, which took over a sizeable part of its responsibilities for hospital spending.

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Squabbles in the ruling coalition

..R GORDON CHALK'S retire-..ent from politics a few ..eeks ago after 30 years in ..e Queensland Parliament ..arked a turning-point for the ..ate Government. But there ..e few confident predictions ..out the immediate results. ..elations between the Liberal ..rty and the National Party ..ithin the Coalition have been ..verely strained on several ..sues in the past year—a state .. affairs largely based on the ..ational Party's expansionary ..nbitions.

..As Treasurer, Deputy Premier ..d Liberal Party Leader, Sir ..ordon Chalk had a central ..sition in the machinery of ..overnment which allowed him .. protect Liberal Party ..terests while he enjoyed a ..ood deal of freedom in his own ..erations.

The Treasury portfolio is ..usually powerful in Queens-..nd. The Treasurer's tasks are ..fined with striking brevity as "The custody, collection and ..sbursement of all revenue." ..ithin that definition, he ..ministers 41 types of legis-..tion, makes and guarantees ..ans, manages short-term investment of the Government's cash balances, controls all insurance, collects payroll tax, land tax and stamp duties, and controls racing and betting. The State Government insurance office, apart from its obvious functions, owns five of the biggest office blocks in the mid-city area of Brisbane and recently took over six failed building societies. In short, the Treasurer and his empire control information and resources that any Premier would want to keep in touch with. Mr. Bjelke-Petersen, the Premier and National Party Leader, considered he was not being kept properly informed. His resentment is said to have come to a head at a Premiers' conference in Canberra earlier this year when Sir Gordon presented him, for the first time, with Queensland's case for financial assistance in 1976-77 just before the meeting began.

From his side of the argument, Sir Gordon flared at what he regarded as interference in his job and regular attempts to prise him out of it.

That aspect of the affair reached a stormy peak in June when Mr. Bjelke-Petersen and his ..ational party colleagues, *with an eye to their rural constituents*, insisted that death duties be abolished from next January 1. Faced with the problem of covering the resulting revenue gap—about $A25m.—Sir Gordon dug his heels in, but lost. At one stage he offered to resign and was invited to put it in writing. He didn't.

The Premier sought to cut down the Treasurer's influence by establishing a priority review committee "to eliminate waste, duplication and unnecessary Government spending." Sir Gordon does not acknowledge that as a final straw but, by August, he had decided he'd had enough.

Mr. Bjelke-Petersen's immediate reaction was to try to seize the Treasury portfolio for his own party, despite the terms of the coalition agreement which have stood ever since they were drawn up in 1957. He backed off only after being convinced that the Liberals were deadly serious in threatening to leave the Government if he persisted.

The fact is that both parties would dearly love to govern in their own right. The National Party is only three seats short of being able to do so at present and is persistently pushing strongly into the Brisbane metropolitan area which has been a Liberal-Labor Party arena. Both the National and Liberal organisations have been beefing up their resources, fairly clearly aiming at each other now that they have reduced the Labor Party to 11 seats in a Parliament of 82.

At present, Victoria is the only state where the Liberal and Country Parties (or the CP equivalents like the National Party) each have members in Parliament but no coalition arrangement. The situation there has often threatened *serious fallout on the* well-established coalition at national level. The Queensland situation would be far worse if a breach occurred with the parties in their present mood.

K.R.

JOHANNES BJELKE-PETERSEN

AUSTRALIA'S most controversial politician lost one of his greatest assets last year with the defeat of the Whitlam Labor Government. For Johannes Bjelke-Petersen, the *Premier of Queensland*, the existence of the Labor regime in Canberra was a political godsend although it also seemed an ideological trauma. He accused them of corruption, of being Communists, of destroying his Queensland industries and of trying to steal parts of his territory. He made the first break with conventional practice which set the stage for last year's *refusal of the Senate to* pass the Budget, and from which the whole constitutional crisis flowed. And *Mr.* Bjelke-Petersen did it all with great advantage to his standing within Queensland.

At the end of 1974, Mr. Bjelke-Petersen somehow managed to run a state election campaign based entirely on Federal Government issues and Labor Party ideology which he regards as indistinguishable from Communism for practical purposes. The combination of his campaign and the Queensland electoral system *devastated* the State Labor Party, which emerged with 11 seats (out of 82 in the *single-chamber* parliament) and 36 per cent. of the vote. The size of his victory solved, for the time being, a number of domestic problems for Mr. Bjelke-Petersen, *not least of them* being the state of relations between his National Party and the Liberal Party mutterings about his leadership.

Now the problems have started to re-emerge, partly, at least, because of the loss of such an effective "enemy" in Canberra. He has not been noticeably *kind to* the Fraser Government but it hardly offers the same scope for villification. *In any issue impinging* on his State's development, Mr. Bjelke-Petersen will generally consider a Canberra Government to be wrong, no matter what its political complexion. His main target recently has been Mr. Doug Anthony, the Deputy Prime Minister for National Resources.

The National Party in Queensland is the local branch of the National Country Party, of which Mr. Anthony is leader. But that seems to make no difference to Mr. Bjelke-Petersen. Still invoking the ghost of the Whitlam socialists, he declares: "I believe Canberra must get right out of the mining field and leave it to the states, as before. The previous Federal Government tried to take over mining simply to provide funds for its socialist extravaganzas." Apart from the fact that the implication of "as before" is quite misleading, Mr. Anthony's application of the Government's investment policies has been extremely flexible in the case of Queensland natural resources projects, and *successful in* the objective of increasing local equity.

There rarely seems to be a time when some section of Mr. Bjelke-Petersen's party is not muttering about replacing him. It is five years since the last definite move in that direction failed because the instigators felt that common courtesy demanded they warn the Premier. At the moment *the unrest does not look* threatening, more a matter of shuffling for positions with an eye on the premier's age—he was 65 this year—and the possibility of retirement. But internal relations in the Government are far from happy.

It has never been clear whether Mr. Bjelke-Petersen regards polarisation as a conscious political weapon. But there is a rather chilling equation between his electoral success and the number of death threats he receives. It was revealed last year there was an average of one a week. Comparisons are difficult since all other Australian political leaders make a strict point of not talking about such matters, but their security authorities regard the Queensland record as extraordinary. Last November, a letter bomb exploded in the mail room of Mr. Bjelke-Petersen's office suite in Brisbane.

"Conservative" is an inadequate term to describe Mr. *Bjelke-Petersen's* brand *of* politics. He pursues a fervent "Queensland first" line based on big development ideas, especially in mining, but mixes in a Victorian era puritanism, personal demagoguery and an evangelical denunciation of anything left of political centre. After eight years as *Premier, he is* a proven winner but one with few political friends outside his own state. It may not be long before Mr. Fraser and his Government start to fill much of that gap left by the departure of the Whitlam team.

K.R.

TASMANIA

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The result in the last financial ..ear was that Tasmania pro-..uced a budget surplus just ..ver $A4m., the biggest of any ..ate. Mr. Neilson has already ..een able to promise that in his ..ew budget, due next week, ..ere will be cuts in land and ..eath duties, greater assistance .. non-government schools and .. new taxes. Last year, there ..as a time when the Govern-..ent admitted that if it had to ..y its school-teachers the holi-..ay pay due to them, the ..eques might have bounced.

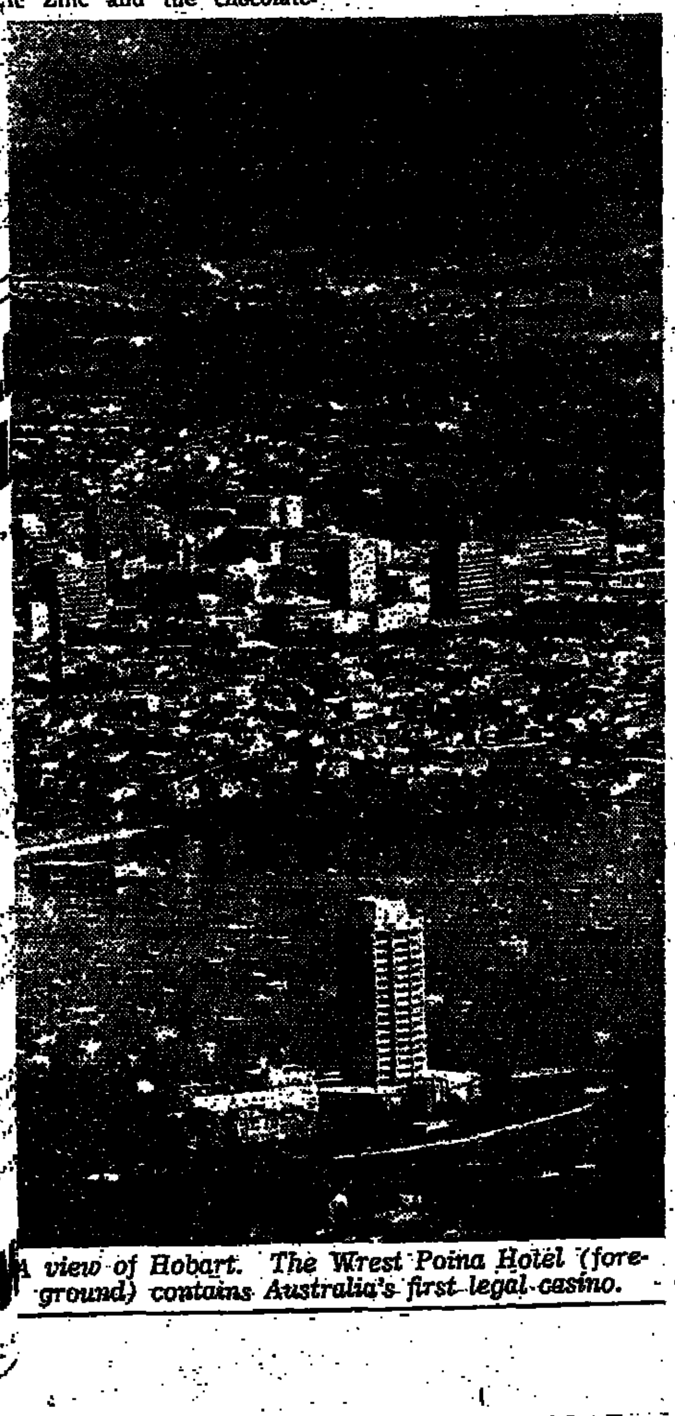
That is one side of a picture ..hat makes the Government far ..ore optimistic about facing ..n election. The other side is ..ually advantageous politically ..t negative: the very serious ..fects on Tasmania's small and ..agile economy of the Fraser ..overnment's federalism poli-..es and general spending cut-..cks.

Tasmania's once prosperous ..ple and dairy industries are ..w disaster areas, their col-..pse contributing to unemploy-..ent as high as 11 per cent. in ..me parts of the State. The ..tback *in public spending insti*-..ted from Canberra will ex-..erbate the employment prob-..m *despite the limited buffer* ..r. Neilson can provide through ..s budget surplus. The loss of ..e Tasman bridge, linking the ..o halves of Hobart across the ..ver Derwent, has added enor-..us costs to transport in the ..pital. Mt. Lyell and other ..st coast mining companies are ..renching workers, partly, it ..ems, as a result of the Govern-..nt's introduction of mineral ..yalties last year. Big southern ..dustrial concerns, like Electro-..ic Zinc and the chocolate-making side of Cadbury-Schweppes, find less and less reason to keep their operations in Tasmania, with its transport problems and decreasing cost advantages.

Mr. Neilson has been a bitter critic of Mr. Fraser's "new federalism." "Federalism means the sharing of responsibility to serve the people," he says. "But instead of sharing we're getting dictatorial cutbacks foist on us without any consultation in most cases. This so-called federalism is a sham. It doesn't exist. The premiers were sold a confidence trick." Whether the Fraser policies are quite that bad overall or not, Mr. Neilson's view seems to be well established in Tasmania. Even the Liberal Party leader, Max Bingham, who helped to devise the federalism concept, has gone decidedly cool on its application. Furthermore, the people of the *smaller states tend* to relish the sight of their local knights charging the Canberra *dragon, whatever the issues.*

A local election, however, will not solve the problems of Tasmania's future. Neither side of politics professes to have solutions. An editorial in the Mercury newspaper in Hobart commented recently: "The Tasmanian Liberal opposition, collectively and individually, has been strong on 'knocking' but weak on offering credible alternatives. Combined with an insipid, reactionary Government which spends a disproportionate amount of time knocking the opposition for knocking the Government, Tasmania has the perfect recipe for negativism."

K.R.



A view of Hobart. The Wrest Point Hotel (foreground) contains Australia's first legal casino.

Self-government hopes

WHATEVER ELSE may be its legacy, last year's General Elections have increased the pressures for self-government in the two areas under the direct jurisdiction of the Australian Federal Government. The Northern Territory now has its own local parliament as a result of Labor Government action and it has been promised something close to statehood within five years by Mr. Fraser's Liberal-National Country Party Government. The Australian Capital Territory, which is principally Canberra, also has its own local Parliament but, as yet, no actual powers or the promise of them.

The two Territories present a curious contrast. There is no convincing evidence in either that there is active majority support for self-government. But the advocates of statehood in the NT clearly have the running and no organised opposition. Not so in Canberra where a mid-town coffee shop has lately been displaying a banner: "Self-Government without Reference to the People is Dictatorship." and the local newspaper's letters columns reflect strong opposition to any change in the present cosy system.

Affluent

The Northern Territory's 1.3m. sq. kilometres represents 17.5 per cent. of Australia's total land area. The ACT at 2,400 sq. kilometres is 0.03 per cent. of the total. The NT's normal population is around 100,000. Canberra's population is twice that—in the nation's most modern, planned city. The battler is the Northern Territory norm while Canberra is the most uniformly affluent of Australian cities. Some of the figures being bandied about suggest that in strictly monetary terms, Canberra would be no worse off with a status approaching statehood. Excluding "seat of government" which would always remain a national responsibility, taxation of such a high income population would probably guarantee the maintenance of local services at about their present very high level. For the NT, however, "independence" holds out the prospects of higher taxes to maintain even what little exists now.

Given that outlook, there is understandable anxiety in the Northern Territory about any Government policy which threatens an area for potential economic development like the establishment of a uranium industry. The issue goes wider, however, to the whole question of mining and present plans to grant Aboriginal Land Rights with provision of an Aboriginal veto on mining.

The Government's Land Rights proposals, released in May after a long Cabinet struggle, would give Aborigines freehold title over reserves and other traditional lands totalling 1.3 square kilometres—about 20 per cent. of the NT. The right of veto over mining activity would not be absolute: the Government would retain power to over-ride such decisions on grounds of compelling national interest. Even so, the scheme has been bitterly opposed by the NT Legislative Assembly, the Minister for the Northern Territory, Mr. Evan Adermann (a National Country Party man), and the mining industry. The main features of the present Government's proposals are the same as those developed by the previous Labor Party Government and it seems certain that they owe their survival largely to the support given by the Prime Minister, Mr. Fraser, to his Minister for Aboriginal Affairs, Mr. Ian Viner.

So far as uranium is concerned, the Peko-Ez Ranger deposit is the one most likely to be affected by the land rights legislation. Pancontinental's Jabiluka deposit is on a pastoral lease and outside the coverage of the legislation. Queensland Mines' Nabarlek find is within the Arnhem Land Aboriginal Reserve but negotiations between the company and the Aboriginal communities are well advanced. The other proposed uranium development — Noranda's Koongarra deposit — lies within the proposed boundaries of a major national park and under a different body of law.

The NT Legislative Assembly and Mr. Adermann have argued strongly that instead of freehold title the Aborigines should be given perpetual leasehold, while the mining industry has pressed for removal of the veto provision, despite the qualification on it. Mr. Viner says he does not believe the Government's overriding power would be used—a view (and not a promise) based on experience so far in negotiations between Aboriginal communities and miners.

Opponents of the Lands Rights proposals have taken some heart from the fact that the Government has yielded to the extent of calling in Mr. David Hay, the Defence Forces Ombudsman, to give an independent opinion of their submissions. But the Liberal Party, including Mr. Fraser, will take a good deal of convincing that the basic principles of their proposed legislation should be watered down. Aboriginal policy is already a sensitive issue with the Government and, automatically, with the Northern Territory, where the greatest numbers of Aborigines live.

The most drastic cuts in any welfare spending in this year's Budget were those affecting Aboriginal affairs, which Mr. Fraser was convinced had been an area of waste and extravagance under Labor. Most of the Labor-initiated programmes were suspended pending a review of their effectiveness by Mr. Hay. The Budget promised, in effect, that if the review showed the programmes were worthwhile, they would be restored.

Mr. Hay's report has not been published but its essentials have been leaked to the Press, showing a markedly benevolent attitude on Mr. Hay's part. He has a lot to say about the incapacity of the sorely-stretched Department of Aboriginal Affairs to effectively administer the large spending for which it was responsible. But in specifics, he is at some pains to point out, for example, the successes in Aboriginal co-operative housing schemes. Mr. Hay was not impressed by the spending of very large sums on Aboriginal business projects like pastoral properties but he found some worthwhile results in small business enterprises. Overall, it was not the damning report that many Liberals expected. It suggested many possible changes but they are mostly matters of detail and emphasis rather than broad perspective.

How the report will be received in the Northern Territory remains to be seen. There has been resentment among many white citizens at what they regard as misplaced discrimination in favour of the Aborigines in recent times. Most of them deny very strongly that their outlook is racially biased—which is precisely what it looks like from a distance.

Argument

The argument tends to run along the lines that Aboriginal people are no more disadvantaged than the many poor whites in the NT, so why doesn't everyone get Government help equally? Differences in values and aspirations tend to drop out of arguments like that.

There seems to be at least a tacit recognition now that statehood, as generally understood, is not a practicable proposition within the five-year span envisaged last year. It is far from clear, however, where the compromise will be drawn. The Northern Territory already has a fair degree of autonomy in obviously local issues: the next step is to the questions that involve real spending power which are tied very closely to capacity and willingness to raise revenue—an area where Territorial enthusiasm starts to want noticeably.

In the ACT, a working party of Government officials has recommended that the local politicians be given very little more than local council responsibilities—things like garbage collection and dog control. It is just as difficult to see where that argument will finish. But in both Territories it is likely to be much longer than the activists had hoped before they are draped with the trappings of anything close to real power.

K.R.

ADMINISTRATIVE REFORMS

Change in the air

A VISITOR to Canberra would need a well-vetted map to get around the federal departments these days. Mr. Fraser has shaken them about almost to the same extent that Mr. Whitlam did. It is the well-considered opinion of the Press Gallery that there has been more restructuring of the Federal Government in the last four years than there had been in the whole life of the Commonwealth before that.

Some of the changes in the Canberran geography have been of the arbitrary sort — for instance, renaming the Department of Minerals and Energy, a seat of controversy under the ultra-nationalist Rex Connor, as the Department of National Resources. The Coalition, like any other occupying force, may simply like the satisfaction of rubbing out the old street names and hanging out their own shingles.

But the reforms are extending beyond the nomenclatural. Whole divisions have been shifted to different or even new departments. If you are on Customs business you will have to go, oddly enough, to the Department of Business and Consumer Affairs. Some of the old Labor structure has been retained to avoid disruption of the accustomed paper flow, but change is very much in the air.

"Review" committees are calling everywhere—at Foreign Affairs, at the Australian Information Service and at Labor-inspired statutory bodies like the Industries Assistance Commission and the Trade Practices Commission. Economy is one of the objectives of the inquiries but no one has any doubt that Canberra will be remodelled closer to the Fraser scheme of things when all the bureaucratic chips are down.

Ironically, the most sweeping prescription for change has been submitted by a Royal Commission instructed by the Labor Government. The two-year gestation period had much to do with the accident of its coming out in an entirely different political climate. Still, the 481-page Coombs report has to be taken as something close to the definitive blue print for the public service of the future.

Legacy

Its principal author, Dr. H. C. Coombs, submitted the compendious volume along with his letters patent to the Governor General as a virtual legacy of his half-century in the Australian public service. He had been Director General of Post-war Reconstruction, Governor of the Reserve Bank and Chairman of the Australian Council of the Arts among his many previous titles, and if the Commonwealth service has any living granddaddy it should be "Nugget" Coombs.

It is certainly true that the Coombs inquiry, like other Labor projects carried over into Liberal times, had more friends at its inception than at its completion. But while continuing to divide opinion among the bureaucracy, the report remains a vast resource of innovative ideas which future governments can dip into when it is opportune for them. The two parties do not really differ much in their desire to make the public service responsive to the tidal changes affecting the country.

While seeing different visions, Labor and the Coalition reacted to the same economic and demographic stimuli, forcing them to uproot and replant. And they are both aware that their political decisions will have effect only to the extent that the public service is able to carry them out. It is potentially the most valuable resource Australia has—more valuable than all its bauxite, coal and mineral sands put together.

Its pervasiveness is already legendary. One out of every four adult Australians works in one way or another for the Government—either as a First Division mandarin in Canberra, as a postal clerk in Kununurra, as a pilot for the State-owned Qantas or in some other capacity. The public service, with the guidance of the Ministry of the day, disposes of 30 per cent. of the entire national product. Make no mistake about it. Australia is one of the most governed countries in the world.

There are some residual similarities to the British Civil Service, but the Coombs report has taken note of the "degree to which the Australian system in fact differs from the Westminster model." Senior bureaucrats like John Stone of the Treasury, John Menadue of the Office of the Prime Minister and Cabinet, and Sir Lennox Hewitt, formerly of Minerals and Energy, have been almost as much in the public eye as their Ministers.

Some scepticism about the immediate usefulness of the Coombs report has been warranted by Mr. Fraser's commissioning of an "administrative review committee" to examine the efficiency of the carry-over bureaucracy. The review body was headed by Sir Henry Bland, a bureaucrat known to share Mr. Fraser's conservative thinking.

Unlike the Coombs report, the Bland findings are not for publication, and no inkling of them can be had except for some provocative leaks made to the Press. Newspaper accounts of a reported Bland recommendation to hive off the professional staff of the Industries Assistance Commission (formerly the Tariff Board) to the Department of Industry and Commerce (formerly the Department of Manufacturing Industries) were taken seriously enough to elicit strong objections from the IAC's friends.

The leak was believable in the sense that Mr. Fraser won the election on a pledge to bring back the old religion to the tariff-determining branch of the Government.

The IAC got help from an unlikely quarter. The Associated Chambers of Manufacturers of Australia (ACMA), the staunchest protectionist lobby, baulked at the extremeness of the proposal. The ACMA director general Mr. W. J. Henderson quipped: "For the ACMA to defend the IAC against any threatened attacks seems as incongruous as Henry VIII pleading with the axeman to spare the life of Anne Boleyn."

There is likely to be as much opposition to the key Coombs recommendations. They strike directly at Treasury, the most powerful department in the Government and the innermost sanctum of the Canberra mandarinate.

Like its original model in th Chancellery, it attracts th "best and the brightest" of th public servants. The purest Ox bridge accents outside o Foreign Affairs can be heard i carpeted suites of Treasury Through the sheer weight of it economic expertise and the lac of rival agencies, Treasury jus about runs the economy for an Government of the day.

Review

To give the other depar ments more fiscal independenc the Coombs commissioners ar proposing three-year "forwar estimates" of their budgetar requirements, with an annu review to work out neede adjustments. This reform woul spare the departments th trouble of having to bid fo funds year after year.

Another Coombs recomme dation is to set up a Departme of Industries and the Econom (DINDEC) to provide a alternate source of econom advice to the Government.

The thrust of the Coomb proposals is to institutionali at least some elements of indic tive planning, a notion that ha been anathema to fre enterprisers like Sir Robe Menzies and his conservati successors. The closest th Liberals ever came to dignifyin planning at the Centre w Prime Minister Menzie appointment of the Verno Committee in 1973.

The panel of four seni bureaucrats (including S Frederick Wheeler of th Treasury) auditing the Coom report will at least give it fair hearing. The most i controvertible proposals a likely to be implemented on piecemeal basis. The Treasu is certainly too towering monolith to be cut down to si in the life of one Parliame Some say its "reform" wou take a good deal longer.

Inherent in the DINDEC pr posal is the Labor philosop of a centrally planned Australi economy. True to the Menzi school, Mr. Fraser rejects a kind of Australian Gosplan too socialistic an undertakin But taking ideology aside, the is the fact recognised throug out the Parliament floor th Australia's problems are getti more and more national. T lucky-country days wh Australia just tooled alo unguided and got rich on boo ing mineral prices, industri protection and programm migration—those days are ov Change is indeed in the air it is no respecter of pa platforms.

E.J.

The chemists are fighting to get drugs off the self-service shop shelves. **Elinor Goodman reports.**

The battle of the aspirins

Highly trained chemists have a unique standing to preserve in the High Street.

?OR A profession that usually shuns publicity—to the extent hat it frowns upon its members escribing themselves as chemists" in their advertise-nents—pharmacy is in a pretty utspoken mood. Ministers, con-umer organisations and the 'ress *have been lobbied inten-*ively. The issue, which is now eing re-examined by the Medi-ines Commission, is whether ertain pain-killers which con-ain either aspirin or paraceta-nol, like Aspro or Anadin, hould be sold by self-service r whether their sale should re-uire an *element of service.*

The present controversy arose ut of *proposals* this year from he Commission, the body set up nder the Medicines Act to ad-ise the Government in the field f medicines. The Commission ecommended in March that elf-service sales of certain inds of analgesics should be anned in all shops, including hemists. *It also made certain* ecommendations on labelling nd proposed that the sale of arger pack sizes should be re-tricted to chemists' shops under he *supervision* of a pharmacist. he recommendations, which eflected concern over the inci-ence of aspirin and paraceta-nol overdosing, were accepted y the Minister and circulated n the form of a consultative ocument.

It was then that the fuss egan. The manufacturers and rocers argued strongly that ny such limitation on the nethod by which home remedies ould be sold would discourage etailers from stocking these roducts and thus create diffi-ulties for the shopper, who night have to travel several niles merely to buy a packet of spirin, or bother a doctor un-ecessarily. Rather than new egislation, the grocers proposed a new voluntary code of conduct covering the sale of analgesics.

The professional and trade bodies representing the pharma-cists hit back at what they described as the "hysterical outbursts of the grocers" whom they accused of using "every trick in the public relations handbook." The Commission's *recommendations, the pharma-*cists maintained, should be implemented so as to give the public—and particularly chil-dren—the protection needed to reduce accidents and encourage the proper caution with drugs in the home.

Review

Six months after publication of the original proposals, the Minister of State for Health, Dr. David Owen, announced that he was asking the Commission to review its pro-posal to ban self-service. The *Commission has yet to reveal* the result, but both the grocers and the manufacturers feel that the fact that the Minister asked for a review indicates that he, at least, had changed his mind on the need for a ban.

Because analgesics are most often sold by self-service methods in supermarkets, the argument has tended to centre on whether supermarkets should be allowed to continue selling these pain-killers. In fact, there is no question of prohibiting the sale of such drugs in super-markets. The only point at issue is whether supermarkets should be obliged by law to sell them *with an assistant* as an intermediary—in the same way as they now sell cigarettes—or whether they should continue to be free to place them on the ordinary shelves where the customer—who may be a child—can help her or himself.

The grocery trade and the *manufacturers* argue, however, that if self-service were banned, many shops would *stop* selling these products and the consumer would suffer. The National Pharmaceutical Union, which represents the indepen-dent chemist shops, and the Pharmaceutical Society of Great *Britain, guardian of the* pharmacists' professional code of ethics, are ranged on one side, and the manufacturers' trade association, the Pro-prietary Association of Great Britain, with the National Food *and Drink Association*, on the other. The consumer is left in the middle, with both sides claiming to have his best interests at heart.

But even if the *over-riding* motive of the NPU and the Pharmaceutical Society in supporting the ban on self-service were, as they say, that of protecting the consumer, feelings are heightened because the debate touches chemists on what is already a raw nerve. In the *early* 60s chemists saw a large slice of their business going to supermarkets and other grocery *outlets. As super-*markets have grown, so have their sales of toiletries, paper products, and even items like analgesics which the chemist once saw as his exclusive preserve.

Toothpaste

Well over half the toothpaste sold in Britain is sold through non-chemist outlets, *and grocers now have the lion's* share of lucrative markets such as paper products and soap. Although the profit margins on these products are generally lower than on medicines, it is these big-selling items which traditionaly help to boost turn-over. Moreover, the greater dis-tribution of toiletries in super-markets has tended to lead to a reduction in retailers' mar-*gins as price-cutting has become* more common.

> The result of the loss of business to grocery outlets, coupled with the expansion of Boots and the higher cost of operating in the High Street, has been a steady reduction in the number of chemists over the past 20 years.

Chemists have tried to fight back, by extending their own product ranges to items like hosiery, photographic equip-ment and even jewellery, but few have managed to compen-sate for the loss of non-medici-nal business to the supermar-kets. Attempts to form a volun-tary buying group, along the *lines of the successful volun-*tary groups in the grocery trade, have been hampered by the pharmacists' strong desire to maintain their professional standing—a standing, which as *they* point out is unique in the High Street, requiring a three-year pharmacy degree course with a year's practical training to qualify as a dispenser of medicines.

Some progress has been made towards co-operation, but only Boots, and, to a lesser extent, *some of the smaller chemist* chains, have managed to get a real hold on their new markets. Indeed, the growth of Boots has in many ways posed a larger threat to the independent chemists than the development of supermarkets.

Other chemists have found *themselves relying increasingly* on National Health Service business. Twenty years ago, NHS business accounted for only about a third of the aver-age independent chemist's turn-over; now it accounts for more than half. Boots, which has expanded considerably into non-chemist areas — such as audio equipment and home brewing aids—has only 15 per cent. of its *turnover* in *prescrip-*tions. At Weston's, however, which was recently taken over by Dixons, NHS business still accounts for 50 per cent. of *turnover — a balance the* management is trying to alter.

The sale of drugs—both on prescription and over the counter—offers the retailer one advantage. Drugs and books are the only areas where retail *price maintenance still exists.* After a lengthy court case it was decided in 1970 that price-cutting in the cost of drugs could adversely affect the public interest, so even when supermarkets sell anal-gesics, they have to offer them at the same price as the independent chemist. But while chemists are better protected by virtue both of RPM and the steady flow of National Health *business, than most independent* retailers from the growth of supermarkets, the sales of medicines alone are not enough to keep many chemists going. Indeed, with the development of health centres which bring *together several doctors under* one roof, some chemists are *finding that their prescription* business is collapsing because the local doctor has moved to a centre the other side of town.

The result of the loss of business to grocery outlets, coupled with the expansion of *Boots* and the *higher* cost of operating in the High Street, *has been a steady reduction in* the number of chemists over the past 20 years. Chemist outlets are estimated to be closing at the rate of 250 a year. To-day there are some 11,162 chemists trading—of which 1,100 belong to Boots and another 300 to the Co-op. This represents a fall of over 20 per cent. over ten years.

Profession

In this situation, it is not surprising that the pharma-ceutical profession is concerned over the question of where and *how pain-killers may be sold.* The market is worth about £120m. a year at retail prices, with the chemists taking about 65 per cent. of total sales. While small in comparison with NHS business, it is one in which the pharmacists feel they have an important role to play both in advising and protecting the public. It is also an area in which some chemists see an opportunity *of regaining what* some regard as their rightful sales from the grocers.

The NPU and the Pharmaceu-tical Society are still fighting a rearguard action to get the original Medicines Commission proposals upheld. Though such a move would undoubtedly be welcomed in the chemists' trade as a recognition of the need for *special care when selling drugs,* it would not do much to stop the long-term trend towards a reduction in the number of chemists.

At present there is a chemist in Britain for every 4,700 people — a *far higher* number than in most European countries. The problem is that many may be in the wrong place and, particularly in rural areas barely economically viable. The profession has itself come up with ideas to stem the closures, like the NPU-sponsored voluntary buying group and the proposed *scheme to help "essential phar-*macies" from a central fund, but other possible ways of pro-viding the public with chemists, such as municipally-owned or state-owned shops, are generally viewed with distrust.

Faced *with a further major* reduction in the number of chemists, it is possible to see why the Minister might have been worried by the grocers' warning *that the distribution* of pain-killers would suffer if the ban on self-service went ahead. The Medicines Com-mission is now left with the problem of deciding how best to maintain availability while at the same time protecting the public from its own excesses and carelessness.

Letters to the Editor

Civil Service pensions

From Mr. T. A. E. Layborn.

Sir,—I understand that the 'ay Research Unit which deals vith the comparability of alaries, pensions and working onditions as between Civil ervants and their opposite iumbers in commercial firms *is* entirely composed of Civil Ser-vants. The Minister of State Civil Service Department, Mr. Charles R. Morris, in reply to in *inquiry* made by a member f the House of Lords agreed hat all such investigations must iot only be fair but must be seen o be fair and promised to go urther into the make-up of the ody that continually carries out uch investigations. That appears o have been *as far as* the Minister would go and I hope nembers of the House of Commons and House of Lords vill continue to press the Minister.

The value placed by the Pay Research Unit on the index inked pension is quite farcical. 'rior to the passing of the Pen-*ion Act 1971 the Governments* f the day periodically intro-uced Bills to grant what was onsidered for those days to be ubstantial increases.

Between 1944 and 1965 seven ension (Increases) Acts were assed and the one in 1965 *ranted an increase of* 16 per ent. to all those whose pensions ommenced before 1957. Com-are that with the increase these avoured citizens have enjoyed uring *each* of the last five years.

Now, my research works show ie that the expenditure on State *etirement pensions of all de-*criptions in 1948 was approxi-nately £176m., in 1964 £956m., nd I wonder what its com-arable figure will amount to in 977.

Also, 100 years ago only 4½ er cent. of the population were *ver 65; now it is probably more* han three times that figure. In 953 for every one pensioner iere were six people paying con-ibutions and I am informed y 1977 there will be less than our.

Through contact with members oth *of the House of Commons* nd House of Lords, I have btained authoritative answers a number of questions and is of the utmost importance r occupational pensioners to now that the cumulative per-entage increase of public ser-ce *pensions for the years 1973* 1976 inclusive amounts to 82.7 er cent.

How many private funds hether insured or self admini-*ered have managed to equal* hat figure? I doubt if there is ne. The cost of these increases as amounted to £435m. and the nnual cost continues to increase ear by year. It is so often over-ooked when comparing the nnual cost to the State of Civil ervice Pensions as compared ith the annual cost of occupa-onal schemes that the former re entirely unfunded, whereas ie latter in most cases are fully inded so that all *increases* have be fully funded at the time ie increase is awarded.

It is also continually over-ooked that the Civil Servants ill make no *contribution* to the ost of their own pensions espite the recommendation of ie Tomlin Commission in 1931 nd the Fulton Committee in 966-68. Why *has no notice* been iken of these recommendations y two independent bodies?

I believe only a small propor-on of the middle and top ianagement classes appreciate iat a senior Civil Servant can etire in the middle or late fties with a *pension exceeding* 3,500 per annum and take a top ob in industry, and despite the present £8,500 per annum limit if working, his pension still receives the index increases. In addition, if he has elected to defer his pension and its com-*mutation, I understand* they are still increased until he reaches his normal retirement date. With an increase of 82.7 per cent. over the last four years *and the commutation being free* of tax, it amounts to a financial bonanza. I understand there are an estimated 130 top pensioners receiving a pension of £10,500 per annum.

I urge the CBI, the NAPF, the LOA, Institute of Directors, etc., to take all *reasonable action* even to the point of minor militancy to ensure that this gross injustice is rectified and that at the very least a ceiling *as to percentage increase and* also as to maximum pensions be brought into force.

I have been informed that the Minister of State at one time stated that he would have brought about some amendments but Parliamentary time did not permit it. *How little* Audrey laughed and laughed and laughed!

A Member of Parliament sug-gested to me that all parties were *hesitant* about fighting the inflation proofing for Civil Servants, etc., because it would be *politically* unpopular. They must be living in glass houses if they are unaware how politically unpopular they are among the general body of taxpayers for *allowing this injustice to those* not employed in the Public Sector to continue. The ever-increasing number of letters to the Press on the subject offers good proof.

T. A. E. Layborn.
5, Heath Rise, Kersfield Road,
Putney Hill, S.W.15.

English is the greatest

From Mr. W. J. Waters.

Sir,—C. P. Snow's statement (September 2) that there is "probably" only one great novelist in the English language is surprising.

I am always being told by others that the English language possesses the greatest of all literatures; or must one write "War and Peace" to be a great novelist?

W. J. Waters.
53a, Huntly Road,
Talbot Woods, Bournemouth.

Corporate planning

From Mr. C. F. Pratten

Sir,—In his article (September 3), David Basnett says, "decisions on investment, on company strategy, mergers, take-overs, rationalisations, closures, *and so* forth, are generally speaking all taken at corporate headquarters and agreed in broad outline by the Board on the recommenda-tion of the corporate planners . . ." This conflicts with the latest research on business plan-ning. In a recent report "Business Economic Planning," Gunnar Eliasson concluded from *a study* of planning systems in American and European companies that corporate planning "is a means of delegating repetitive decision-making away from company headquarters without losing control of current operations." He found that corporate planners were not usually involved in top level *decision-making*, and that "major decisions are not well rehearsed and are often based on intuition and sheer hunches. Success seems to be very much *dependent* upon the skills and imaginative abilities of top management."

Either Basnett or *Eliasson* has completely failed to understand how large companies operate. If Eliasson not Basnett is right, then the TUC's and Basnett's *arguments about the form,* though not the principle, of workers' participation are con-taminated. Either Basnett should produce evidence for his claim *that decisions are taken* "on the recommendation of corporate planners," or suggest how unions can suddenly produce repre-sentatives for Boards of directors who have the skills and imagina-tion to make a success of com-panies.

C. F. Pratten.
Trinity Hall, Cambridge.

Wrongly represented

From Mr. Douglas Naylor

Sir,—Mr. Basnett's plea (Sep-tember 3) for greater flexibility in moving further down the road *of industrial democracy* is well reasoned. But he could not be expected to put the case for those many employees who do not wish to be represented by unions but by other chosen repre-sentative bodies. May I simply mention the point? The case is surely proved if industrial demo-cracy is what the debate is about.

D. Naylor.
Bulls Cross Cottage,
Groton,
Nr. Colchester, Essex.

Union advice on pensions

From The General Secretary, Association of Professional, Executive, Clerical and Computer Staff.

Sir,—In his letter Mr. Simon (August 24) rather misses the point which we were considering. Of course any non-trades *unionist employee may seek his* own advice on pensions, but the advantages gained by doing so are likely to be *marginal* if he is already a member of his com-pany scheme, particularly where membership is a condition of service.

Mr. Simon states that "there is no evidence" to suggest that trades unions negotiate better *pensions for their members.* Per-haps he should consult a few employers before he makes such a rash statement. Does he seriously believe that employers hand out pension benefits with-out any discussion regarding their form or amount?

Trades unions are *not perfect,* but it is obviously true that we are likely to know more about pensions, job evaluation, pay-ment systems, etc., than any one *individual; so we should not be* taken to task for believing that we negotiate the pay and condi-tions of non-unionists. Not every industrial relations scenario is a *closed shop* and where this is so, it is the recognised unions who determine the salaries for all. If Mr. Simon is suggesting that non-unionists should be denied improvements in their pay and conditions which have been nego-tiated by union representatives, he should say so!

In his reply (August 26) to our letter, Mr. Lander seeks the answer to three questions regard-ing the role of employees in the running of their *occupational* pension schemes: 1—Should the employee representatives be members of the fund? 2—Should they be elected by the members *of the fund?* 3—Should they be appointed by anyone else without reference to the members of the fund?

I suggest that by posing the questions in this fashion, Mr. Lander is skirting the issues raised in our letter of August 20. *For the reasons put forward in* that letter, we believe that employee representatives should be trades union members and that they should be democrati-cally elected from among the trades union membership of the scheme. As Mr. Lander has no objection to this, there can be no argument between us on these two points.

The answer to the third ques-tion is more complex. Trades *unions represent* the views of their members: witness the strains that many unions under-went in persuading their members to accept the con-straints of incomes policy. Accordingly, it is highly unlikely that trades unions can force their membership to accept formats for the running of schemes with which they dis-agree. Of course, in multi-union situations the unions at the *workplace will have to come to* arrangements as to the number of representatives which each union will have, but this is a separate issue.

Finally, the proposals of the Government outlined in the White Paper (Cmnd. 6514) will help ease the *complexities of in-*dustrial relations in this country and accordingly legislation will be required if democratic pro-cesses are to be safeguarded.

R. A. Grantham.
22, *Worple Road, S.W.19.*

Taxation and the innovator

From the Chairman, Greater Merseyside Liberal Party

Sir,—Professor Sir Hugh Ford (September 3) believes that the climate "is such as to effectively prevent innovation even though it has all the ingredients for com-mercial success."

In established companies both research and development costs are allowable for tax. Such costs are also allowable for newly established companies but with personal taxation at present rates *it is very difficult for individuals* to establish a new innovating company with sufficient capital to withstand the development period. The result is that estab-lished companies have an enor-mous advantage in an area where newly established companies by being *specialised* might be more successful.

The following proposal has been *submitted for debate* at the Annual Assembly of Greater Merseyside Liberal Party in Nov-ember: "That this assembly believes innovation to be vital to British *industry. To* encourage the establishment of new innovat-ing companies it is proposed that working shareholders in newly established innovating companies unrelated to other companies should be able to reclaim income tax paid in the previous three years not exceeding £10,000 per shareholder provided that the whole amount was subscribed as capital to the new company. To qualify the company would re-*quire DTI recognition* as an innovating company."

It is a shame that such com-plicated methods are required to encourage enterprise but penal *taxation has almost abolished the* free enterprise society. Inno-vators would be encouraged to strike out on their own rather than working within the con-straints *of an established enter-*prise.

The industrial revolution was the result of entrepreneurial innovators such as Arkwright. Perhaps by encouraging them now we can create a new wave of prosperity.

Michael Gayford.
"Periwinkle,"
Meols Drive,
West Kirby,
Wirral.

To-day's Events

GENERAL

TUC annual conference con-tinues, Brighton. Main business is debate on unemployment, but Mr. Jack Jones, general secretary, *Transport and General Workers'* Union, is due to second composite motion calling for planned return *to free collective bargaining next* year. Mass lobby of Congress planned by members of Right to Work Campaign, following march from London to Brighton.

National Union of Seamen's executive hold special session to decide what course to take in *view of recent ballot result nar-*rowly in favour of industrial action.

Mr. Peter Shore, Environment Secretary, visits Leeds and Wake-field.

Mrs. Margaret Thatcher, Oppo-sition leader, begins six-day visit to New Zealand, during which she will have talks with its Prime Minister, Mr. Robert Muldoon.

Public Records Office staff, Lon-don, on one-day strike in protest at proposed terms for their trans-fer to Kew.

Sir Lindsay Ring, Lord Mayor of London, opens Royal Photo-graphic Society's annual Inter-national Exhibition, Guildhall Art Gallery.

British Association for Advance-*ment of Science annual meeting* ends, University of Lancaster.

Confederation of British Road Passenger Transport annual con-ference continues, Bowness-on-*Windermere.*

COMPANY RESULTS

BSR *(half-year). Carpets Inter-*national (half-year). Guardian Royal Exchange (half-year). Man-chester Liners (half-year). Phoenix Assurance (half-year). Steetley (half-year). Sun Alliance and London Insurance (half-year).

COMPANY MEETINGS

Astra Securities, Birmingham, 12. Braham Millar, Savoy Hotel, W.C., 12. Manson Finance Trust, Grosvenor Hotel, W., 11.30. Rat-ners (Jewellers), Churchill Hotel, W., *12. Rothmans International,* Portman Hotel, W., 12.30.

SPORT

Soccer: England v. Eire, Wem-bley; Scotland v. Finland, Hamp-den Park. *Golf: Men's Inter-*national, Muirfield. Motor cycling: Manx Grand Prix, Isle of Man.

COMPANY NEWS + COMMENT

Significant rise forecast by R. Costain

GROUP profit before tax of public works contractors Richard Costain, expanded from £5.51m. to £7.6m. in the first half of 1976 and the chairman, Mr. J. P. Sowden, indicates a significant increase for the year over the *£15.1m. for 1975.*

Orders outstanding at June 30 amounted to £570m. and the proportion attributable to international operations remains at around 75 per cent.

Despite the weakness of some sectors of the U.K. market, the company continued to operate in these markets profitably, but at a reduced level of activity.

In the international field, a substantially increased volume of work has been obtained. Overseas activities made a major contribution to profits.

Liquid resources have further increased and are available to support the expansion both by internal growth or acquisition.

"With the international element of our business remaining predominant, my view is strengthened that the overall results for 1976 should be significantly better than those for 1975," says Mr. Sowden.

The interim dividend is effectively raised from 1.33p to 1.5p net per 25p share. Last year's total was equal to 2.8153p.

	Six months 1976 £000	1975 £000	Year 1975 £000
Turnover	155.000	107.090	259.000
Gen. trading profit	7.781	6.105	15.559
Rents income	850	630	1.478
Property sales	15	5	250
Total trading profit	8.654	[illegible]	17.327
Interest payable	1.059	1.254	2.223
Profit before tax	7.595	5.512	15.104
Taxation	3.785	[illegible]	7.139
Minorities	645	499	1.274
Extraord credits	—	—	197
Attributable	3.152	2.422	[illegible]
Preference divs	14	11	[illegible]
Dividend	576	494	1.444
Retained	[illegible]	1.914	[illegible]

Overseas currencies expressed in sterling in the half-year figures at the market rates ruling at the previous year-end.

● **comment**

Costain could reach £20m. pre-tax this year, and profits should stay in a steady uptrend through 1977 to judge by the build-up in orders since March. A year ago orders stood at £400m., they were £500m in March and the latest figures add up to £570m.—which is impressively close to an annualised figure of £610m. for the six months' turnover. Increasing demand from the Middle East explains most of this accelerating intake, but Costain's 75 per cent. overseas ratio also stems from active trading in Australia, Canada and Nigeria. At 130p the shares yield a prospective 3.7 per cent., a return likely to be covered some 7½ times. The 1976 p/e is around 5½ and ahead of the latest dividend payments Costain's net borrowings are probably well under £1m.

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INDEX TO COMPANY HIGHLIGHTS

Viscose well ahead at midway

ON SALES up from £2.71m. to £3.27m., pre-tax profit of The Viscose Development Company improved from £79,700 to £320,200 in the 26 weeks to June 26, 1976—not far short of the £388,829 for the year 1975.

A marked increase in exports and a modest improvement in home sales, together with continuing attention to cost saving and operational efficiency, produced the improvement in results.

All divisions made a good recovery with the consumer products division returning a record half year in monetary terms, the directors state.

Present indications are that the rate of increase in sales will be less in the second half, and the company will be meeting additional costs, including increased cost of imported raw materials resulting from depreciating currency.

Nevertheless, results for the year should be reasonably good, the directors state.

As known interim dividends have been restored with a payment of 1.05p net. For 1975 a single dividend of 1.281375p was paid.

	26 weeks 1976 £	1975 £
Sales	3,274,000	2,708,750
Trading profit*	407,700	151,000
Development grants	12,[illegible]	12,300
Depreciation	[illegible]	[illegible]
Pre-tax profit	320,200	70,700
Taxation	165,500	38,200

* Including international closures £91,400 (loss £9,000); consumer products £179,600 (£60,200), associates £69,200 (£39,300).

Spong sees no less profit

The directors of Spong and Co., hardware manufacturers and wiremakers, *are hopeful that the* year-end results will be "not less" than those of 1975—for that year pre-tax profit was £197,642 from sales of £2.42m.

The company's liquid position remains sound and through the effective management of both stock and debtors the directors have been able to invest the cash generated by the increased profits in further plant and equipment and new product opportunities that augur well for the long term future.

Although the level of outstanding orders is high, any forecast for the remainder of the year must be subject to the considerable uncertainty that exists in the U.K. market, they add.

Earlier this month first half 1976 results were announced, showing sales up from £1.09m. to £1.22m. and pre-tax profit ahead from £111,950 to £126,221.

The results were made possible by substantial sales achievements in overseas markets, it is stated.

Depite difficult trading conditions in the U.K., sales revenue increased by 21.4 per cent. Export sales are up by 48.6 per cent. and account for nearly 56 per cent. of total company sales. The directors are confident that the company is in a strong position to maintain competitiveness and reinforce export growth.

Sharpe and Fisher unchanged

BUILDERS' MERCHANTS Sharpe and Fisher reports a pre-tax profit for the six months to June 30, 1976, of £327,214, up from £304,161. An unchanged interim dividend of 0.7p net per 25p share is announced.

The chairman, Mr. K. J. Fisher, states that in view of the general state of the trade, he considers the results satisfactory, and if the present trends continue, he expects to be able to report similar satisfactory increased figures for the full year.

Sales for the six months rose to £6,612,869 (£4,776,937). Tax is £170,214 (£158,161).

Last year, the company paid total dividends of 1.9294p net per share from pre-tax profits of £727,663.

Sales for the six months were up by approximately 38 per cent., says the chairman, and while inflation is still a major factor, there has been a reassuring increase in volume. Margins have, however, again decreased.

The two new ventures, Bicester Merchanting branch and Abingdon Sandfords store, have yet to make a contribution to group profits, but the chairman is *pleased with their progress.*

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
A. & C. Black	int.	1.0	—	0.88	—	3.99
Blackwood Hodge	int.	1.75†	Dec. 17	1.35	—	2.99
Brown Brothers	int.	0.2	Oct. 18	0.2	—	0.6
Camrex	int.	1.47	Nov. 18	1.34	—	2.05
Richard Costain	int.	1.5	Nov. 9	1.33*	—	2.82*
Diploma Investments		2.29†	—	1.44	3.09	2.37
Family Inv. Trust	int.	1.3	Nov. 3	1.15	—	2.7
Garnar Scotblair	int.	1.5†	Oct. 20	1.0	—(a)	2.18
Hindson Print		2.42	—	2.1	3.47	3.15
Horizon Midlands	int.	0.82	Oct. 22	0.75	—	2.58
Jos Holdings		1.25	Oct. 21	1.15	2.05	1.90
London Merchant Secs.		0.88	Nov. 2	0.68	0.88	0.68
Lothian Trust		0.44	Oct. 10	0.44	0.88	0.88
Ocean Transport	int.	3.48	Nov. 1	3.17	—	8.66
J. Saville Gordon		1.92	Oct. 28	0.83	2.62	1.47
Sharpe and Fisher	int.	0.7	Nov. 12	0.7	—	1.92
Turner & Newall	int.	3.6†	Jan. 7	3	—	8.22

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Total of 3.25p already forecast.

Blackwood Hodge sees record year

ANNOUNCING first half 1976 pre-tax profit up from £5.74m. to £6.39m., Mr. W. A. Shapland, chairman of Blackwood Hodge, says that although earnings are likely to fall in certain territories, *the year-end result should be in* excess of 1975's record £11.66m.

At the trading level profit—ahead by 20.8 per cent. to £10.93m.—was split as to £3.35m. (£2.45m.) in the U.K. and £7.58m. (£6.59m.) overseas; interest charges were up from £3.31m. to £4.54m.

Sales up by 31.8 per cent. to £121.85m. included a 74.4 per cent. increase to £30.91m. in the U.K., due in part to the new Berkeley JCB business and to increases in direct and indirect exports. At June 30, 1976 customers' outstanding orders for new and used equipment amounted to £35m. (same).

	First half 1976 £000	1975 £000
U.K. sales	30,914	17,722
Europe	21,348	19,317
Africa	30,327	20,225
Australia	12,760	9,410
Asia	1,539	1,565
Canada	24,615	24,228
Total group sales	121,853	92,477
Trading profit	10,927	9,047
Interest payable	4,535	3,309
Profit before tax	6,389	5,738
U.K. tax	1,301	798
Overseas	2,239	2,402
Net profit	2,759	2,538
Extraordinary credits*	4,342	3,206
Minorities	620	*471
Preference divs.	46	46
Attrib. Ordinary	3,076	2,707
Interim	467	288
Balance	2,209	2,419

* Comprising exchange surplus £2.05m (£0.74m.) and minorities £0.5m. (£67,000).

On increased capital earnings per 25p share are 8.42p (9.16p) and fully diluted 7.79p (8.37p). The interim dividend is lifted *from 1.35p to 1.75p* net—the directors expect to pay 3.9p for the year (2.9979p), as forecast. Treasury consent has been obtained.

The company is engaged in earthmoving equipment sales and service.

● **comment**

Blackwood Hodge's U.K. figures look particularly impressive with a 74 per cent. sales gain, but the major part of this stems from the new Berkeley JCB business. Nevertheless U.K. demand has been firm, particularly from contratcors buying equipment for overseas projects. Overseas Canada has been a very weak area, with profits down by $1.1m. to $0.3m. Elsewhere the picture has been brighter and Germany and Australia have registered some *improvement*, while West Africa has again performed very well. For the group as a whole interest charges bite into the performance with a 37 per cent. increase to £4.5m., and the group remains very highly geared (over 210 per cent. last December) despite January's £6.4m. rights issue. The current half may see some recovery in Canada and full year profits could top £13m. pre-tax with the added bonus of considerable below *the line exchange rate gains.* At 109p the shares yield a prospective 5.6 per cent.

Camrex first half upsurge

FIRST HALF 1976 pre-tax profit of paint manufacturers, etc., Camrex, expanded from £258,000 to £1,051,000, after being in excess of £600,000 for the first four months. Turnover for the six months increased from £8.94m. to £11.74m.

The interim dividend is lifted from 1.34p to 1.47p net per 20p share. Last year's total was 2.933p from a profit of £1,206,000.

	Six months 1976 £000	1975 £000	Year 1975 £000
Turnover	11,738	8,943	20,839
Profit	1,389	553	2,028
Depreciation	319	194	372
Exceptional debits	—	481	250
Profit before tax	1,051	258	1,206
Taxation	546	134	625
Net profit	505	124	581

The half year results are a record for profit, and continue the encouraging trend that emerged in the second half of 1975, says the chairman Mr. A. Camrex.

● **comment**

Camrex has not only rationalised its contracting side but also consolidated its business policy by switching emphasis to higher profits rather than increased turnover. Thus, while the volume sales rise in the first half was probably no more than 10 per cent. (the rest of the 30 per cent. turnover increase being attributable to prices), trading profits were three-fifths higher. There must be a limit to improvement purely on margins but even if the second six months is similar to 1975, profits of £2.5m. would give a cover of at least 4½ times on a maximum prospective yield of 12 per cent. on the shares at 40p. New products offer growth prospects however. The group, with 50 per cent. of its business tied to the marine side, has shown resilience to depressed shipping trends through increased sales of new anti-corrosion coatings to developing countries so compensating for a still static situation in the U.K.

Statement Page 39

J. E. SANGER

Unaudited results for the first five months of the current year "indicate that they are in excess of the corresponding period last year." Mr. James Sanger, chairman of J. E. Sanger, told the annual meeting yesterday.

ISSUE NEWS

Local loans at 12%

The coupon rate on this week's issue of local authority yearling bonds is again 12 per cent. at par. The bonds are due on September 14, 1977.

This week's issues are:—Birmingham District Council (£1½m.), City of Swansea (£½m.), Warrington District Council (£½m.), Newcastle-under-Lyme (£½m.), Selby District Council (£½m.), Tweeddale District Council (£½m.), Rochford District Council (£150,000), West Lancashire District Council (£½m.), Hambleton District Council (£½m.), Sedgefield District Council (£½m.), Wear Valley District Council (£½m.), Bassetlaw District Council (£½m.), Bolsover District Council (£350,000), North Shropshire District Council (£½m.), Chester-Le-Street District Council (£½m.), Cleveland County Council (£1m.), Cotswold District Council (£½m.), Rhymney Valley District Council (£½m.), Borough of Tamworth (£½m.), Waverley District Council (£½m.), Welwyn Hatfield District Council (£½m.), Wycombe District Council (£1m.), Thames Valley Police Authority (£1½m.), Hinckley and Bosworth Borough Council £½m.), City of Kingston Upon Hull (£1m.), North Tyneside Metropolitan Borough Council (£½m.), Sefton Metropolitan Borough Council (£½m.), Royal Borough of Kingston and Chelsea (£½m.).

The London Borough of Lewisham has raised £2m. by the issue of a 12¾ per cent. two-year bond due September 6, 1978 at par.

Intereuropean loss: defers interim

A pre-tax loss of £76,594 for the six months ended January 31, 1976, is reported by Intereuropean Property Holdings, against a profit last time of £400,234. Consideration of the interim dividend is being deferred until the full year's results are known, the directors state, but they still envisage that the year's dividend will at least be maintained at last year's level.

Last year's interim dividend was 1.005p net per 10p share, and the total was 2.1555p from pre-tax profits for the year of £734,000.

	Half-year 1975-76	†1974-75
Turnover	5,246,242	4,322,996
Trading profit	1,324,492	888,412
Interest	1,158,839	654,803
Sale of props (loss)	4,981	*248,612
Exchange losses‡	207,236	92,982
Less before tax	76,594	*400,234

* Profit. † Adjusted for exchange losses not previously identified separately. ‡ Provision for unrealised losses on loans.

The drop in profit before property transactions and exchange losses of £99,000 is largely attributable to the fall in cinema attendances and the dramatic increase in the costs of cinema operations, the directors state. Before interest charges profits of Classic Cinemas fell by £151,000. This trend has been reversed during the second half and it is anticipated that the larger part of this shortfall will be recovered, although profits for the year from the cinema operations are still likely to be marginally down.

The lack of property sale completions has also had a considerable effect on profits, as has also the depreciation in sterling, giving rise to a provision for unrealised exchange losses of £207,000, the directors continued. Property sales during the second half have gone some way towards rectifying the balance although the year's income from this source will not be as high as last year.

Profits from France show a material increase although a large part of this has been eaten away by increased interest charges. The increase in French interest charges amounting to over £500,000 accounts for nearly all of the total increased interest charges shown.

The company's first property purchase in the U.S. was completed in June of this year, the directors report. Total purchase price of $8¾m. was financed by Pacific Mutual Life Insurance Company, and as of to-day's date deposits have been received for the sale of 85 of the 104 units comprising the development. Completion of sales is due to take place over the next month, at which time the total purchase price will have been recovered plus a small surplus. The company's share of the profit on this transaction is anticipated to exceed $1m.

The company's second *acquisition* in California is the Airport Park Hotel in Los Angeles. This purchase has also been fully financed locally and a long-term lease thereon is being granted to a major international hotel operator on a fixed rent, plus profit sharing basis. The fixed rent is more than sufficient to cover both interest and amortisation on the financing, the directors state.

The Board says that the growth in the American portfolio makes is essential for there to be tight local control and with this in mind, Mr. Stanley Margolis, the group's financial director, is shortly taking up residence in California. In view of Mr. Margolis' imminent departure, Mr. John H. Corre has been appointed to the Board, in a non-executive capacity.

Referring to take-over rumours the Board states discussions are currently taking place which may, or may not, lead to a bid for the company.

Diploma expands to £2.51m.

ON A TURNOVER up from £17.6m. to £20.41m., pre-tax profit of Diploma Investments increased from £1.98m. to £2.51m. in the year to June 30, 1976, after £1.02m., against £0.79m., at halfway.

Basic earnings per 25p share were up from 9.71p to 11.21p and from 8.64p to 10.43p fully diluted. *As forecast the final dividend,* on capital increased by the March rights issue, is 2.2924p net, raising the total from 2.3677 to 3.0875p net.

The directors remain optimistic of medium-term prospects. With existing resources supported by the continuing strong cash flow considerable expansion can be financed for existing companies and also acquisitions in similar *fields in which Diploma operates.*

During the year several subsidiaries extended their factories and plants and there are plans for further expansion this year. This is largely in anticipation of increased demand for general prospects appear better than they did this time last year, with sales, orders and profits running at a higher level than the corresponding weeks of a year ago, the directors state.

	1975-76 £000	1974-75 £000
Turnover	20,410	17,597
Industrial dist. profit	1,107	854
Eng. and manufactrg.	1,256	1,208
Services and property	319	78
Parent expenses*	173	184
Profit before tax	2,509	1,956
Taxation	1,307	1,024
Minority interests	127	96
Net balance	1,075	836
Dividends	311	176

* Including loan stock interest.

At June 30, 1976, there was *nearly £1.5m. on deposit,* an equivalent of about 14p per share. At June 30, 1975, borrowings were the equivalent of 67 per cent. of holders' funds which have been effectively reduced to nil at this year end. Remaining borrowings are mostly in the form of loan stock and loans at low rates of interest compared with contemporary rates.

This improvement has been the result of a strong positive trading cash flow, the reduction of the property portfolio, the rights issue and the Government's deferment of corporation tax against stock provisions, the directors state.

● **comment**

Diploma's full year profits are well ahead of most half-time expectations. Far from easing in the second half of the year the growth rate actually accelerated taking annual pre-tax level 14 per cent. higher (ex investment property sales). The shares rose 2p on the results to 52p where they yield 9.6 per cent. on a p/e of 4.8 fully diluted. At this level they look quite good value. The distribution side, spurred on by a strong performance from electronic components, is now back to growth and is continuing to make most of the running in the current year. The services side too is also pushing ahead while the manufacturing division is beginning to see the first signs of increased activity. So, with the group also looking for expansion, via acquisitions on its distribution side, the immediate outlook must be bright.

B. FERTLEMAN

Shareholders in B. Fertleman were told by chairman Mr. Leonard Fertleman at the annual meeting that profits for the first six months of the year would be lower than in 1975, but the second half should compare favourably with the corresponding period last year.

INTERIM STATEMENT

Derek Crouch (Contractors) LIMITED

Opencast mining, civil engineering, building construction and related plant and equipment sales.

Interim Report for the six months ended 30th June 1976

	6 months ended 30.6.76 (unaudited) £'000	6 months ended 30.6.75 (unaudited) £'000	12 months ended 31.12.75 (audited) £'000
Turnover	13,665	11,043	21,502
Earnings before Tax	762	209	1,134
Tax	380	105	534
Earnings after Tax	382	104	600
Earnings per share	3.94p	1.07p	6.19p

The Company continues to go from strength to strength and the Directors are satisfied with the Company's progress.

Turnover and profits are both at record levels for the first six months and cash and liquid reserves are satisfactory. I am confident that the shareholders will not be disappointed with the results for the full year to 31st December 1976.

Tax has been provided at the rate of 52%.

The directors recommend the payment of an interim dividend for 1976 of 1.032p per Ordinary Share (last year 0.9382p) payable on 29th October 1976 to shareholders on the register at 1st October, 1976.

Mr. D.C.H. Crouch has waived dividends amounting to £12,163 representing 99% of his personal entitlement. The total amount payable to shareholders is £87,933

D.C.H. Crouch
Chairman

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Turner and Newall first half expansion

FIRST half 1976 pre-tax profit of Turner and Newall almost doubled from £8.66m. to £15.82m. U.K. companies' improvement in trading profit was the main reason for the better figures which were also helped by increased contributions from overseas, the chairman, Mr. P. Griffith, states.

Sales rose by 24 per cent. to £157.08m. Exports were 23 per cent. higher at £32.43m. and third party sales outside the U.K. by home companies and overseas subsidiaries totalled £77m., representing 49 per cent. of group sales.

For the year 1975 profit was £21.61m. on sales of £257.26m.

Mr. Griffith says that the 1975's late recovery has been sustained in the first half.

Demand for construction and insulation materials remained depressed in U.K. markets, but exports improved and trading profit was maintained. The results of the overseas companies were mixed, but in aggregate higher than last year.

Plastics and industrial materials continued the improvement shown towards the end of last year due to increased demand for PVC, glass fibre and thermosetting moulding materials.

A significant increase in profits for the first half year was achieved in automotive components. International demand for friction materials and gaskets was at a high level.

Asbestos mining and distribution benefited from the ending of the strike at the Bell Mine in Canada. Demand for asbestos fibre remained firm.

In the absence of unforeseen circumstances, prospects for the second half "are satisfactory," the chairman adds.

Following the recent announcement by Compagnie de Saint-Gobain-Pont-A-Mousson of its intention to acquire more than 30 per cent. of the equity in CertainTeed Corporation, it has been decided that CertainTeed will no longer be treated as an associate in the group's financial statements. In the first half the effect of including its dividends in place of a proportion of profits was to reduce profit before tax by £1.8m. and profit attributable to stockholders by £1m.

	Half year 1976 £000	Half year 1975 £000
Sales	157,083	126,479
European	117,301	98,720
Overseas	39,782	27,759
Trading profit	15,142	8,978
European	7,958	3,502
Overseas	7,184	5,476
Associates	2,150	2,710
Net financing charges	1,470	3,032
Profit before tax	15,822	8,656
U.K. tax	3,031	174
Overseas	4,267	2,668
Associates	755	1,005
Net profit	7,769	4,809
Extraordinary debits	584	*621
Minority holders	1,068	657
Attributable	6,117	4,773
Dividends	2,871	1,914
Retained	3,246	2,859

* Credits.

Excluding CertainTeed, the group's share of profits before tax from associated companies was £0.5m. higher than in the corresponding period last year. Cassia Asbestos Corporation accounted for the majority of this increase.

Earnings per £1 share are 9.09p (6.37p) and the interim dividend is raised from 3p to 3.6p net—last year's total was 8.217p.

At June 30, 1976, cash and near cash amounted to £32.25m., compared with £7.38m. at end-December 1975. Other current assets amounted to £150.88m. (£128.7m.). Short term debt was £11.28m. (£5.94m.) and other current liabilities £73.92m. (£59.44m.). Stockholders' interest was £156.62m. (£135.22m.).

● comment

The bulk of Turner and Newall's 69 per cent. rise in interim trading profits stems from a sharp recovery in European profits (primarily the U.K.). With automotive products and plastics picking up strongly, the only dull spot in the U.K. was the construction side. Outside Europe trading profits were 30 per cent. ahead with the ending of the six-month strike at the Bell asbestos mine in Canada the dominant feature. Substantially reduced financing charges have been partly offset by the decision to cease treating Certain Teed as an associate company—worth £3m. at the pre-tax level in a full year against £0.6m. in dividend income. With the stake currently valued at £16m. T. and N. could earn substantially higher returns elsewhere if it decided to sell. Pre-tax profits of £33-34m. for the full year look on the cards, and the shares closed 4p higher at 143p offer a prospective yield of 9.6 per cent.

A. & C. Black growth at six months

Turnover of book publishers A. and C. Black increased from £871,000 to £921,000 in the first half of 1976, and profit recovered from £37,000 to £72,000, subject to tax of £39,000 (£19,000).

The interim dividend is stepped up from 0.875p to 1p net per 25p share. Last year's total was 3.995p from a profit of £101,000.

Ldn. Indemnity result later this week

Policyholders, unsecured creditors and shareholders of London Indemnity and General Insurance, the life assurance subsidiary of the failed Jessel Securities group, met yesterday to vote on a rescue scheme to save the company from liquidation. The meeting was told that if the voting went against the proposals the company would be wound up.

Results of the voting will not be known until later this week.

Under the scheme, the 54,000 policyholders are being asked to accept a 10 per cent. reduction in benefits. Unsecured creditors were offered 70 per cent. of their claims and shareholders were told that all the Ordinary shares would be transferred under the scheme to Prudential Assurance. The liquidator of Jessel Securities, the largest shareholder with 7m. out of the 7.36m. shares, has indicated that he is in favour of the scheme.

The liabilities of London Indemnity amount to some £94.6m.

Peak year at Saville Gordon

AFTER BEING marginally down from £412,356 to £390,864 at halfway, pre-tax profit of J. Saville Gordon Group, Birmingham-based metal and engineers' merchants, rose from £844,327 to a record £867,884 for the year ended April 30, 1976.

Reporting "a very creditable performance" in the circumstances, chairman Mr. J. D. Saville says that trading conditions have improved since the year-end, and assuming that this continues he expects a further growth in group profit in the current year.

Final dividend is 1.9162p (0.8264p) net per share, making a total of 2.6162p (1.4654p) for the year. A one for one scrip issue is proposed.

At halfway, Mr. Saville said that with de-stocking by customers apparently almost over, he would be disappointed if profits for the full year were significantly less than the previous year's record.

	1976 £	1975 £
Turnover	20,859,150	27,486,321
Profit before tax	867,884	844,327
Tax	489,303	440,004
Net profit	378,587	404,323
Extraordinary credits	48,892	—
Minorities loss	2,771	*7,488
Balance	428,244	396,835

* Profit.

● comment

In the final six months Saville Gordon more than made up for its first half profits downturn by achieving a 10 per cent. increase at the pre-tax level. The improvement was across the board although the company had problems in Germany. Currently, order books are much improved on this time last year but both in the sale of pipe and other products as well as in receiving supplies of scrap metal, the group's prospects are tied to a significant extent to those of the motor industry. The shares at 48p yield 8.7 per cent. covered just over three times. The p/e is 5.6.

FMC making 'real progress'

ALTHOUGH THE meat industry is undergoing a difficult period, Mr. H. Darbishire, the new chairman of FMC, is optimistic about the future.

Livestock prices are high and consumption is such that margins are difficult to maintain. The hot dry summer and the drought have been contributory factors.

Some of the steps taken will need time for the benefits to emerge, he states. "There is still a great deal to be done but there is a fundamental strength to FMC on which we can build and I am optimistic about the future," he adds.

As known, pre-tax profit fell from £4.09m. to £0.92m. in the 53 weeks to May 1, 1976. The net dividend is halved to 2.5p a share.

Mr. Darbishire said it soon became apparent that the decision to reconstruct the Board was fully justified.

The disappointing interim results—showing a first-half pre-tax profit down from £1.52m. to £0.17m.—revealed, three weeks after the annual meeting, the fact that the Executive Board had not met for 15 months, the heavy over-manning in many sides of the business, the small number of export-standard abattoirs, and the drop in FMC's share of the fresh meat market were just a few of the problems.

Against a background of declining margins steps were taken to remedy excessive costs. About 900 redundancies were dealt with, certain unprofitable units were closed and rationalisation of operations at other units took place.

Mr. Darbishire emphasises that it will take time to put the company on a sounder basis from which it can expand. But "real progress" is now being made.

Detailed plans are under consideration for further improvements. In recent years, substantial sums have been spent in modernising the March-Harris bacon and manufactured meat product factories. The main area for capital developments over the next few years will be the fresh meat group.

A resolution effectively raising the group's borrowing limit from £15.3m. to £26.8m. is proposed.

Mr. Darbishire explains that if the group is to take advantage of the opportunities available to export to the EEC, while at the same time maintaining its role as the principal meat wholesaler in the U.K., there must be further substantial capital investment. This would allow the modernisation and expansion of slaughterhouses, freezing plants and meat processing works to comply with EEC regulations.

Also the increased volume of sales, coupled with the effects of inflation, will place a heavier demand on working capital requirements. This will be aggravated by the need to finance the purchasing of livestock at the peak of each season, particularly as EEC intervention buying and private aid storage schemes become more common, the chairman states.

After consulting its financial advisers, Hill Samuel and Co., the Board has decided that this capital spending, together with the provision of additional working capital, should in the short term be financed by further borrowings.

In recent weeks, total borrowings averaged £13m., leaving a margin of only £2.3m.

At August 1, NFU Development Trust held 41.1 per cent. of the Ordinary capital.

● comment

When FMC's new management took over in November it had two ways to go. It could stage a massive cutback in its operations or it could push on, sending borrowings still higher, hoping for an improvement in trading. Its decision to increase its borrowing powers shows that even though FMC has already carried out some streamlining it is concentrating mainly on the second course. Conditions generally in the meat foods sector appear to be getting easier with prices firming up but the recovery seems likely to be steady rather than dramatic. This means that it could be at least two years before the group could solve its current liquidity problems with a rights issue. Considering that finance charges are already running at an annual level of around £1½m. that looks ominous. The shares at 40p yield 9.6 per cent.

James Beattie downturn halfway

Wolverhampton based retail department stores, James Beattie, reports first half (to July 31, 1976) turnover up by 11 per cent. to £10.08m., but a decrease in pre-tax profit of 38 per cent. to £436,000.

Much of the profit in the first half of last year arose from the buying spree which preceded changes in certain rates of VAT.

However, both the 1975 record sales volume and the current year's sales estimate have been surpassed, but greatly increased operating costs have taken their toll of profits.

	Half-year 1976 £000	Half-year 1975 £000	Year 1975-76 £000
Sales	10,081	9,100	22,723
Profit	436	700	2,080
Taxation	227	364	1,002
Net profit*	209	336	1,078

* Before profit sharing.

The directors have good reason to believe that the second half will produce a much more favourable performance, says the chairman, Mr. Beattie. Profit for the year to January 31, 1976, was £2.08m.

Garnar Scotblair progress

TANNERS and leather manufacturers, Garnar Scotblair, reports profit up from £243,000 to £420,000 in the half year to July, 1976, subject to tax of £204,000, against £106,000. The figure for the year to January 31, 1976 was £710,000.

The chairman, Sir Kenneth Newton, says exports of leather remain at a high level, and demand for the company's wide range of products continues to be good.

The interim dividend is lifted from 1p to 1.5p net per 25p share, and the directors are keeping to their forecast of a total of 3.25p (2.1759p) on capital increased by the April rights issue.

Wigham Poland advance to £1.95m.

Insurance group Wigham Poland Holdings reports pre-tax profits for the year ended March 31, 1976, of £1.95m., compared with £1.9m. for the previous 15 months.

Two interim dividends totalling 63.5 per cent. have been paid, and the directors recommend no further distribution for the year.

The group's ultimate holding company is Générale Occidentale of France.

	1975-76 Year £000	1974-75 15 months £000
Income	9,933	†5,445
Operating profit	1,782	1,681
Associates	183	219
Profit before tax	1,945	1,900
Tax	337	971
Minorities	[illegible]	*4
Dividends	417	469
Retained	1,134	475

* Loss. † Included only 12 months former Wigham-Richardson and Bevington Group.

The chairman Mr. J. M. Poland says in the group's annual report that prospects for the coming year are encouraging and all the major insurance broking divisions are forecasting a significant improvement in profitability.

This year's figures were adversely affected by exceptional expenditure on Wigham House, Barking, the new administrative offices opened during the year, the chairman says.

Mr. Peter Walker has joined the Board as a non-executive director.

Ocean Transport forecasts rise to £32m.

FIRST HALF 1976 pre-tax profit of Ocean Transport and Trading advanced from £10.23m. to £15.29m., and the directors estimate around £32m. for the year, compared with £22.58m. for 1975. Last June they indicated "a modest improvement" for the current year.

Profits are now benefiting from improved trading conditions in the company's and associates' businesses. The forecast of about £32m. is arrived at despite increased interest charges during the second half and subject to unforeseen circumstances, and the possible effects of the seamen's dispute.

The interim dividend is raised from 3.1668p to 3.4835p net. Last year's total was 6.6646p

	Half year 1976 £000	Half year 1975 £000	Year 1975 £000
Turnover	182,408	157,200	311,513
Depreciation	8,279	8,196	16,742
Trading profit	8,904	8,410	14,583
Invest. income etc.	3,471	2,408	4,620
Interest payable	6,036	5,710	12,460
Profit disposal ships	1,401	306	3,880
Share associates	7,570	4,627	11,944
Profit before tax	15,290	10,233	22,580
Taxation*	8,330	4,903	10,552
Net profit	6,960	5,330	12,028
Exchange adjsmts.	1,320	†236	842
Minorities	2,872	1,493	2,157
Balance	5,408	3,579	10,713
Extraord. items	171	1,613	2,587
Attributable	5,579	5,192	13,300

*Comprising £000s omitted U.K. £2,790 (£1,703 and £2,706 for year), overseas £830 (£900 and £885), associates £4,700 (£2,300 and £7,150). †Deficit.

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See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—BSR, Bestobell, Carpets International, Danish Bacon, J. J. Dewhirst, Dorada, Guardian Royal Exchange, Manchester Liners, Newbold and Burton, Norvic Securities, Phoenix Assurance, Rosedimond Investment Trust, Rotork, Steetley, Sun Alliance and London Insurance.

Finals:—Coronation Syndicate, Romai Tea, Thomas Walker, Woodrow Wyatt.

FUTURE DATES

Interims:—
Cadbury Schweppes .... Sept. 30
Cartwright (R.) .... Sept. 16
Johnson (C. H.) .... Sept. 20
Simon Engineering .... Sept. 13
Vickers .... Sept. 23

Finals:—
Second City Properties .... Sept. 15

Hindson Print

Pre-tax profit of Hindson Print Group contracted from £263,841 to £164,337 in the year to June 30, 1976, after £63,250 (£129,200) at half way. Turnover for the year increased from £2.93m. to £3.13m.

Net profit came out at £78,703 (£118,541) after tax of £85,634 (£145,300), giving earnings per 20p share of 7.45p (11.22p). A final dividend of 2.418p lifts the net total from 3.153p to 3.468p.

Whitbread's excellent half year

The chairman of Whitbread, Mr. Alex Bennett, told shareholders at yesterday's annual meeting that the group would be publishing "excellent half year figures," early in November.

"The torrid temperatures in July," said Mr. Bennett, "resulted in lager and canned beer going through the stratosphere to an extent that no statistical genius could possibly have forecast."

Mr. Bennett described the cash position as strong, but warned that costs were still rising. Due to the dry weather, the barley crop was poor, and would result in malt costing the company an additional £2m.-£2½m. a year.

Horizon Midlands prospects

Pre-tax profit of Horizon Midlands for the half year to May 31, 1976 increased from £26,980 to £30,597.

Summer bookings have been satisfactory down by under 4 per cent. compared with last year.

Average load-factor (percentage of seats sold) will be in the upper eighties, and margins are fully maintained. It was not found necessary to erode these by costly price cutting and currency guarantees.

Bookings for the summer are finishing strongly, the cash position is at record levels and barring unforeseen circumstances, the directors forecast pre-tax profits for the year in the same region as the £1m. achieved last year.

For the coming winter, bookings are down compared with last year, but substantially better than two years ago.

The market share continues to show a steady rise, which, together with expansion into Manchester flight departures, leads the directors to believe that 1977 will be a successful year.

The interim dividends is lifted from 0.745p to 0.8195p net per 5p share. Last year's total was 2.58253p.

	Half-year 1976 £	Half-year 1975 £
Turnover	5,808,503	4,006,094
Profit before tax	30,597	26,980
Taxation	19,250	16,000
Net profit	11,347	10,980

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£400,000 aid for buildings

KEW BRIDGE Waterworks Museum at Brentford, Middlesex, the Whitechapel Art Gallery in East London, a 19th century bee house in Hampshire, and the Railway Estate Hospital at Swindon are among 143 buildings of historic or architectural interest which received State grants towards repair costs in the first three months of the year.

In all, £403,053 was given by the Department of the Environment on the advice of the Historic Buildings Council. Among the grants were 103, totalling £61,861, made under 35 town schemes for the repair of individual buildings in historic centres. A further 49 grants, totalling £262,114, went to outstanding conservation areas. In addition, the value of grants previously made was increased by £80,132.

Maple Macowards savings

The chairman of Maple Macowards, Mr. G. T. Cantlay, says in a circular to shareholders, accompanying the annual report, that the sale proceeds of the disposal of the television division will save interest charges of the order of £250,000 in a full year compared with profits earned by the division in the past financial year of £197,000.

In a pro-forma balance-sheet, drawn up to reflect the disposal of the television division and the letting of the residential areas of the group's Tottenham Court Road development, to Camden Council for a premium of £1.45m., shareholders' funds are shown to have increased from £6.6m. to £7.7m. and borrowings down from £16.3m. to £14.2m.

As known, Maple Macowards incurred a loss of £4.4m. after extraordinary items of £2.4m. in the year to January 31, 1976.

The chairman says that trading in the current year is satisfactory but it is the nature of the business that results for the year are particularly dependent on the level of consumer demand in the last quarter of the year.

To reflect the new concentration on Maple's furniture stores it is proposed that the company's name be changed to Maple and Co. (Holdings).

Upsurge to £4.66m. at LMS

GROUP PROFIT, before tax, of London Merchant Securities expanded from £2.96m. to £4.66m. in the year to March 31, 1976, after an upsurge from £1.46m. to £2.06m. at halfway.

Profits for the year benefited from increased rental income from investment properties, a larger profit contribution from the industrial division and materially lower interest charges reflecting the substantial reduction of short term borrowings, the directors state.

Earnings per Ordinary 25p share increased from 0.55p to 2.29p, and on the total capital they were up from 0.5p to 2.11p. The dividend is raised from 0.67675p to 0.875p net. Holders of Capital receive a scrip issue of one for every 21.2219 Capital shares.

	1975-76 £000	1974-75 £000
Group turnover	77,339	77,162
Profit before tax	4,661	2,960
Corporation tax	1,788	1,011
Overseas tax	606	411
Net profit	2,267	1,538
Minorities	1,014	1,138
Pre-acquisition	—	103
Net attributable	1,253	299
Extraordinary debits	248	135
Prior year credits	5,229	—
Dividends	478	290
Forward	6,082	3,335

● comment

The 57 per cent. recovery in pre-tax profits at London Merchant Securities confirms the interim indications that the company is coming out of hospital. The development programme has been gradually reduced as lettings have been made thus improving both the cash flow and profit and loss account. The industrial side has also enjoyed recovery with profits 20 per cent. higher. Now it is time to look away from the dangers and towards the potential: development in the U.K. is unlikely to take off again for some time (although project management and refurbishment will continue). More development activity may be seen abroad, notably in Toronto where the company has a good site. But the more interesting potential lies in reversions (which should assume a growing importance between 1978 and 1980) and in the oil interest (through Century Power and Light) which continues to do well with a recent find in the Thelma field. After the dividend increase of 29 per cent. the yield is now 4.3 per cent., with the shares at 32p.

BRITISH ASSOCIATION

Work can save U.K.

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN HAS "eaten its seed corn" and now has limited capital to invest—"certainly not sufficient to match the magnitude of the problem"—Dr. J. A. Pope, vice-chancellor of the University of Aston, warned the annual meeting of the British Association in Lancaster yesterday.

To make this country more prosperous, everyone had to work harder, since Britain could no longer buy its way to becoming more effective manufacturers, said Dr. Pope, addressing Section X on the subject of "engineers, technology and economic viability."

Manpower

This in itself presented a serious political problem, because the national benefits from harder work were not immediately apparent—"no more than the effect of living beyond our means has been immediate."

The delay between immediate effort and "communal betterment" might be as long as three years. Moreover, the immediate effect of some people working harder would, in the short term, be to put others out of work.

There had to be a radical reassessment of the role of the engineer, and an improvement in his status in industry. "At present a career in engineering, in management, or in any other field of industrial activity is not regarded as prestigious and will always be at the end of the queue for the most able. That this situation is both unsatisfactory and dangerous is obvious."

The present manpower distribution was not that required for the economic development of the nation. One by-product of the recent rapid expansion of central and local government was that there had been many options open to the individual more attractive than entering industry or commerce.

Engineers needed to be employed in creating new products and developing existing products, so that the present share of the existing market could be maintained, said Dr. Pope.

"The missing link in our current philosophy is the lack of appreciation that money alone cannot produce new wealth. It is only when money is appropriately applied to product innovation, development and marketing that the creation of new wealth is possible.

"While the immediate health of a company may be measured in terms of economics and accountancy, future health and the longer-term prospects are influenced as much by product viability as they are by cash flow."

Seen initially as just another electronic component, the silicon integrated circuit was now recognised as being at the heart of all future electronics, Dr. Derek Roberts of the Plessey Company, said in a presentation on "the silicon age."

The clue to its significance was cost, analysis of which explained such factors as the dominance up to now of U.S. companies, the incentive to use computer-aided design and testing methods, the exploitation of cheap labour in South-East Asia for production and the trend towards "vertical integration" by manufacturers.

Sea power

● A new device for getting energy from sea waves is to be studied at the University of Lancaster, with the help of a £12,200 grant from the Science Research Council.

A model of the device is being demonstrated during the meeting at the university, by the project leader, Professor Michael French who claims that the advantage of his invention over other wave energy converters lies mainly in terms of economics.

Prof French expects the cost of the device to work out "considerably lower" than £400-£800 per kilowatt installed—the quoted figure for the systems being supported by the Department of Energy. But a penalty is paid in lower efficiency

NOTICE OF REDEMPTION

Occidental Overseas Capital Corporation

8¾% Guaranteed Sinking Fund Debentures due October 1, 1979

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of October 1, 1969 between Occidental Overseas Capital Corporation, Occidental Petroleum Corporation, Guarantor, and The Chase Manhattan Bank (National Association), Fiscal Agent, $1,525,000 in aggregate principal amount of the above-captioned Debentures will be redeemed for the sinking fund on October 1, 1976 at the redemption price of 100% of the principal amount thereof, together with accrued interest to October 1, 1976.

The numbers of the Debentures to be redeemed are as follows:

M17	1068	2037	3360	5118	6448	7946	9244	10582	11679	12975	13927	14781	15582	16701	17808
22	1072	2040	3366	5121	6451	7963	9251	10584	11681	12978	13930	14792	15589	16719	17809
26	1101	2093	3477	5160	6504	8000	9252	10597	11687	12992	13943	14793	15594	16738	17835
[illegible]															
1060	3052	3359	6111	8446	7937	9315	10575	11665	12973	13673	14750	15570	16497	17792	

On October 1, 1976, there will become due and payable on the Debentures to be redeemed the principal amount thereof together with accrued interest to October 1, 1976. On and after October 1, 1976, interest on the Debentures to be redeemed shall cease to accrue.

Payment of Debentures to be redeemed will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment therein of public and private debts. Payment of Debentures presented at the hereinafter listed offices of Paying Agents outside of the United States of America shall be by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City.

Payment of Debentures to be redeemed will be made on or after October 1, 1976 upon presentation and surrender of said Debentures, with all coupons appertaining thereto maturing after October 1, 1976, at any one of the following Paying Agents:

The Chase Manhattan Bank, N.A.
(Agency Division)
1 New York Plaza
New York, New York 10015

The Chase Manhattan Bank, N.A.
Woolgate House, Coleman Street
London, E.C. 2, England

Hambros Bank Limited
41 Bishopsgate
London, England

Banque Internationale à Luxembourg S.A.
2 Boulevard Royal
Luxembourg, Luxembourg

Banca Commerciale Italiana S.p.A.
Sede di Milano
6 Piazza della Scala
Milan, Italy

The Chase Manhattan Bank, N.A.
41 Rue Cambon
Paris, France

Banque de Paris et des Pays-Bas
3 Rue d'Antin
Paris, France

Algemene Bank Nederland N.V.
Amsterdam, Netherlands

Banque de Bruxelles S.A.
2 Rue de la Regence
Brussels, Belgium

Commerzbank Aktiengesellschaft
Dusseldorf, Germany

The Chase Manhattan Bank, N.A.
Taunusanlage 11
Frankfurt/Main, Germany

Dresdner Bank Aktiengesellschaft
7 Gallus Anlage
Frankfurt/Main, Germany

Coupons which shall mature on or shall have matured prior to said redemption date should be detached and surrendered for payment in the usual manner.

Occidental Overseas Capital Corporation
By The Chase Manhattan Bank (National Association),
Fiscal Agent

Dated: September 1, 1976

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	330	330	AmericanMedInt.Inc$1.650	[illegible]					
—	F.P.	—	£27¼	£21¾	Berry Pacific Fd.US$1.627	[illegible]					
30	F.P.	17/9	[illegible]	[illegible]	Borthwick Thos. 10p	69					
—	F.P.	—	£27⅝	£26⅝	Dentsply Int. Inc. ($1)	[illegible]					
—	F.P.	—	£31¼	£26½	Esmark $US1	[illegible]					
155	F.P.	15/9	25	178	Hambro Life Assur.	198					
120	F.P.	23/9	111	101	Molins	101					
US$2.06	F.P.	—	$2.60	$2	Renown Inc. Y50	$2.55					
—	F.P.	—	115	96	Tolux S.A. 11	115					

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or −
£100	F.P.	—	100	100	Agricultural Mortgage 13% Bond 1977	100	
£10			10	9⅞	G.T. Asia Sterling	[illegible]	
£99½	£10	17/12	9⅞	9⅝	Islington 13½% Red.	[illegible]	
[illegible]	F.P.	5/2	97½	97	Mid Kent Water [illegible]	97	
[illegible]			[illegible]	[illegible]	New Brunswick Prov. [illegible]	[illegible]	
$US99½	F.P.	—	$97½	$96½	Norsk Hydro 9% Bds. 1991	$98½	
£1	F.P.	1/10	100	99	Portsmouth Water [illegible]	99¼	
[illegible]	Nil	12/11	[illegible]	[illegible]	Rowe Fst. Mort. [illegible]	[illegible]	
US$100	F.P.	—	$100	$100	Saskatchewan (Prov. of) [illegible]	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −
13	F.P.	8/9 6/10	15¼	14⅛	Astra Secs.	15	
$A5.50	Nil	5/11	190	185	Bank N.S. Wales	190pm	
10p	Nil	—	1	½	Bonas Webb	[illegible]	
32	F.P.	15/8 10/9	67	60	Bruce Lesn.	[illegible]	
27p	Nil	—	2	2	Buckleys Brewery	2pm	
20p	Nil	10/9 8/10	2¾	½	Charterhall Finance	[illegible]	
13	F.P.	10/8 17/9	18¼	15½	Ewer (George)	[illegible]	
118p	F.P.	26/8 24/9	152	134	Higgs Robinson	138	
45	F.P.	13/8 1/9	54½	52½	Kwik Fit (Tyres & Ex.)	[illegible]	
40p	Nil	10/9 8/10	1¾	1	Lovell (Y. J.)	[illegible]	
85	F.P.	19/8 24/9	216	195	National Westminster	216	
22½	F.P.	26/7 8/9	[illegible]	24	Readicut Int.	[illegible]	
200	F.P.	19/8 1/10	251	21	Reed Intl.	224	
178	F.P.	6/8 3/9	[illegible]	[illegible]	Rowntree Mackintosh	201	
24p	Nil	2/8 8/10	[illegible]	[illegible]	Second City Props.	[illegible]	
20	F.P.	10/8 2/9	[illegible]	[illegible]	Vernon Fashion	[illegible]	
$A1.20	F.P.	18/6	141	[illegible]	Western Mining	121	
5p	Nil	—	2½	2¼	Whatlings	2½pm	
75	F.P.	17/8 1/10	[illegible]	[illegible]	Wm. [illegible] Inv.	[illegible]	
70	F.P.	[illegible]	[illegible]	[illegible]	W. [illegible] (Burmah)	77	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. : Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. § Placing price to public. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† Tender allotment price. ‡ Reintroduced. ¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ✝ After suspension.

RESULTS IN BRIEF

AILSA INVESTMENT TRUST—Results for year to May 31 1976 reported Aug. 7. Investments £9.3m. (£8.3m.), net current assets £0.1m. (£0.14m.), current liabilities £0.22m. (£0.23m.). [illegible] Sept 30 12.30 p.m.

CROSSFRIARS TRUST—Results year to June 30, 1976, already known. Investments £6.31m. (£5.38m.), net current assets £0.16m. (£0.14m.). [illegible] Meeting, Cheshire House, 18 Eaton Square, E.C., September [illegible] noon.

FAMILY INVESTMENT TRUST—Total gross revenue £111,015 (£96,106) for six months to July 31, 1976. Management expenses £9,236 (£4,917), loan interest £96 (£166) and tax £36,471 (£29,601). Earnings per Ordinary share 5.7p (4.4p). Interim dividend 3.3p (2.6p). Board states that estimates for current year continue to show a significant increase in revenue. For this reason they intend to recommend a final dividend of not less than 7.75p net making total for year equivalent to 11.05p per cent. gross (10.4p). [illegible]

Harrold and Co. (Investments)—Results year to March 31 1976 already known. Fixed assets £111,917 (£113,321), current assets £281,930 (£263,938), current liabilities £58,429 (£61,634). Good start has been made to current year and chairman says profits should be well in excess of last year's £88,797. Meeting, Leicester, Sept. 30, 2 p.m.

JOS HOLDINGS (investment trust)—Gross investment income for year ended July 31, 1976, £141,634 (£132,604), deposit interest and commissions £17,163 (£19,888), management expenses £17,078 (£12,829), interest [illegible] tax £28,699 (£29,617). Revenue £133,092 (£140,261) before tax £49,982 (£53,993) leaving £89,010 (£83,107) or 2.08p (1.94p) per 5p share. Dividend [illegible] (£84,533). Investments at July 31 £5,254,150 (£5,238,784)—includes 100 per cent. of investment Dollar Premium where applicable of £133,778 (£131,932). Net current assets £3,110 (£22,469). Attributable to Ordinary shareholders £2.29m (£2.17m).

LOTHIAN INVESTMENT TRUST—Year to June 30, 1976, pre-tax revenue £22,733 (£22,751). Tax £13,116 (£14,781). Earnings per share 7.07p (11.00p). Final dividend 6.175p, making 6.375p (10.125p).

NPU HOLDINGS—Investment holding company. Income from investments for year end March 31, 1976 £9,383 (£14,471), profit £5,372 (£9,504), before tax £12,733 (£16,281). Dividend 3.6875p (3.3525p).

Wareham's (manufacturer of specialised products in electrical, optical and pharmaceutical industries)—Results year to March 31, 1976 reported July 24. Exports £91,367 (£74,121). Group fixed assets £0.64m. (£0.49m.), current assets £1.49m. (£1.18m.). Chairman anticipates that a greater number of opportunities for development and growth will occur. Meeting Caversham, Sept. 28, noon.

INTERIM STATEMENT

AKTIESELSKABET
KJØBENHAVNS HANDELSBANK
(COPENHAGEN HANDELSBANK A/S)
COPENHAGEN

Our bank's ordinary operations in the first half of 1976 resulted in a profit of Kr. 175 million, or Kr. 22.1 million less than for the first half of 1975.

Primarily as a result of legislation restricting interest margins and a ceiling on credit imposed by the Central Bank, our profit from deposit and lending operations was Kr. 140 million less than in the first half of 1975. However, an increase in the yield from our portfolio and net receipts on accounts with domestic banks and savings banks has led to an overall increase of Kr. 12.5 million in income from interest and commission as compared with the same period last year. Other ordinary income has risen by Kr. 7 million, but costs have jumped by Kr. 42 million to Kr. 371 million.

Falling bond prices in the opening months of the year more or less cancelled out the unrealised gains on our portfolio in 1975.

AKTIESELSKABET
KJØBENHAVNS HANDELSBANK
(COPENHAGEN HANDELSBANK A/S)

INTERIM STATEMENT

BBA Group

Interim results show continuing growth of sales, exports and profits

Results for Six Months.

Group turnover for the first half of 1976 was £45,808,000 – 20% higher than for the corresponding period of the previous year. Pre-tax profits amounted to £2,990,000, an increase of 10.2%. Automotive activities accounted for 73% of Group sales and 72% of Group profits. Exports rose by 22%, continuing the upward trend for the last few years. The profits are arrived at after providing for increased depreciation of £1,531,000 (against £1,376,000 previously), and reduced bank and loan interest of £618,000 (£792,000), but before allowing for tax of £1,564,000 (£1,383,000).

The continuing growth, following a major advance in 1975, must be considered satisfactory. The performance by the U.K. companies was particularly good, with a profits increase of 54.5%. This was attributable to a further improvement by the Automotive interests, and the Group also benefited from the elimination of losses following the closure in the first half of 1975 of Versil Limited, a glass fibre subsidiary. An inhibiting factor, foreshadowed in April, has been a major reduction in profit from Scandura Inc. in America resulting from a cut in demand for coal conveyor belting. This reduced overseas profits for the first half of 1976 by 14.7%.

Interim Dividend

Annual Dividend increases are still subject to a statutory limitation of 10%. Accordingly, an interim dividend of 0.7146p net per share (0.6497p net per share last year) has been declared in respect of the year ending 31st December 1976, payable on 6th January 1977 to all Ordinary Shareholders registered on 3rd December 1976.

Prospects

I see no reason why my assessment of the position in April that profits for 1976 are not likely to be less than those of 1975 should not be realised.

September, 1976 — Michael Pearson, Chairman

Comparative Half-Yearly Results

	First Half 1976 £000's	First Half 1975 £000's	Full Year 1975 £000's
Sales	45,808	38,170	78,761
U.K. Companies	20,869	17,908	37,598
Overseas Companies	24,939	20,262	41,163
Exports from U.K.	6,184	5,036	10,638
Net Balance from Trading	5,024	4,833	9,760
Less:			
Depreciation	1,531	1,376	2,528
Bank and Loan Interest	618	792	1,132
Debenture Interest	100	100	200
Operating Profit	2,775	2,565	5,908
Share of profits of Associated Company	215	148	358
Profit before Taxation	2,990	2,713	6,266
U.K.	1,509	977	2,349
Overseas	1,481	1,736	3,917
Less Taxation			
U.K.	783	507	1,188
Overseas	801	876	1,952
	1,564	1,383	3,140
Net Profit after Taxation	1,426	1,330	3,126
Attributable to minority interests	161	83	222
Attributable to members of BBA Group Limited	1,265	1,247	2,904
Dividend	Interim	Interim	Full
Rate	0.7146p net	0.6497p net	1.9399p net
Cost	£322,000	£293,000	£874,000
Earnings per Ordinary Share of 25p	2.81p	2.76p	6.44p

BBA GROUP LIMITED — Needed by industry worldwide.

BBA Group Companies include: Mintex Ltd · Scandura Ltd · Cresswell's Asbestos Company Ltd · Sovex Marshall Ltd · Regina Glass Fibre Ltd · Comprehensive Computer Services Ltd · Railko Ltd · BBA Properties Ltd
Overseas Subsidiaries in West Germany · United States · Spain · Canada · France · Australia and South Africa

MINING NEWS

A poor year for MIM but outlook brighter

BY MALCOLM DUMPHREYS

ISTRALIA's major copper-lead-c producer, MIM Holdings, re-ts a not-unexpected fall in nings for the year to last June $22.81m. (£15.94m.) compared h $51.11m. for 1974-75. A final idend of 3 cents (2.1p) is now clared making a total of 4.5 its (3.14p) as against 10 cents the previous year.

The fall in revenue is attributed a drop in metal sales coupled th increased costs of production d expenses, while the amounts id in interest on borrowings, yalties and rail freights also ded to the costs of sales.

Sales of copper, zinc and silver fell, those of lead rose slightly t were offset by a decline in the tal's price to the lowest aver-e level since 1973. Copper pro-ction during the year fell by per cent. to 149,620 tonnes ile those of zinc were 1.9 per t. down at 216,848 tonnes. Lead tput was 132,910 tonnes as ainst 131,700 tonnes.

Although the overall results are t good, the performance in the ond half is encouraging as it tributed $13.47m. to profits as ainst $9.34m. for the first six nths. This reflects the recovery base metal prices in the past months, a trend which, despite recent pause in the upward vement, should continue as rld economies emerge from eir previously depressed state. M were 253p yesterday.

GFSA loan to raise £13m.

LLOWING ON the sharply wer net profits of R29.7m 19.27m.) for the year to last ne as against R47.1m. for 1974-75, the Consolidated Gold Fields oup's Gold Fields of South rica now announces that it is ivately placing a R20m 12.98m.) loan, underwritten by e Standard Merchant Bank.

The loan is by way of two ies of debentures of unspeci-d amounts. Series "A" deben-res have a fixed coupon of 13.75 r cent. with an average life 14.5 years while series "B" a floating rate debenture at per cent. over Standard Bank's st lending rate (currently 12.8 r cent.) and has an average e of seven years.

GFSA says the money will be ed for the group's general pansion programme and addi-nal finance for the new elkraal gold mine which is heduled to reach the trial mil-ling stage in 1980 at a cost last estimated in March at R110m. (£71.37m.). GFSA were 850p yesterday.

Poseidon suspended

RESPONDING both to queries by the Adelaide stock exchange and the suspension of its quotation on Australian exchanges at the end of trading yesterday, Poseidon, the Australian company which was the prime reason for the share market boom at the beginning of the decade, confirmed that it was prepared to sell its major asset. This is its 50 per cent. stake in the Windarra nickel operation in Western Australia. The remaining half-share is held by Western Mining.

In Australia, overnight Poseidon shares fell to $1.20, a setback of more than $1 in two days trading before their suspension. London brokers suggested that the drop in the price had been caused by one major seller rather than a multitude of smaller investors. The share closed here on Monday 60p down at 155p.

In a formal statement, Poseidon said that it had been holding talks with various concerns about the sale of all or part of its share in Windarra. But, said Poseidon, no acceptable arrangement had been proposed and no decision had been reached. Meanwhile, Windarra is being reviewed, in conjunction with Western Mining, in order to improve the operation's finances.

The statement confirmed speculation that had been rife on the Australian markets and was reported in this column yesterday. Poseidon cannot give any date for the release of its annual results but a deficit higher than the $2.82m. (£1.97m.) for the year to June, 1975, is expected. The Poseidon directors said that a difficult situation had been created for the group by current economic conditions in Australia, combined with world metal prices and higher production costs.

LONDON TIN OUTPUTS

In the first batch of tin concentrate outputs from Malaysia's mines for August, those in the London Tin group, Berjuntai's production, although below the previous month's exceptional figure, still makes a four-month total of 1,480 tonnes as against 1,277 tonnes for the same period of 1975-76.

Malayan Tin's two-month total of 476 tonnes compares with 456 tonnes at the same time last year but Southern Malayan's initial output for the year to next July of 193 tonnes is below the 212 tonnes for August, 1975.

Kamunting's lowest monthly output for some years was as a result of the No. 6 dredge being closed on August 28, owing to broken ladder lines and ladder recovery is in progress. Duration of the shutdown is difficult to estimate but is unlikely to be less than one month. The outputs are compared in the following table.

	Aug Tonnes	July Tonnes	June Tonnes
Amal. of Nigeria	155	—	*184
Aokam	164	147	142
Berjuntai	398	407	324
Kamunting	36	42	39
Kramat	9	17	27
Kuala Kampar	25	22	15
Lower Perak	22	22	24
Malayan	226	250	240
Sthn. Kinta Cons.	129	104	111
Sthn. Malayan	223	193	210
Tongkah Harbour	39	39	26

* Four weeks. § Five weeks. ‡ Does not include Thailand output.

WESTFIELD'S ALASKA TRAIL

Canada's Westfield Minerals, a company in the Northgate Exploration group, reports a net loss of $13,242 (£7,621) for the half-year to June compared with a profit of $250,074 for the first six months of 1975.

During the latest period, exploration work at the Daniels Creek gold placer concession near Nome, Alaska, operated by Westpark Exploration in which Westfield and Northgate each have a 33 per cent. interest, confirmed values obtained by the winter programme in relation to gold content. Westfield advanced $238,819 to the project in the first half of the year.

Work in the area will continue for the rest of this month after which a thorough evaluation of the results will be made, the data from which will provide a basis for the planning and scheduling of next year's work. Westfield were 130p yesterday.

MINING BRIEFS

NIGEL GOLD MINING—Company's listing has been restored as from 9.30 a.m. September 7.

BIDS AND DEALS

Inchcape buying up Bain Dawes

Inchcape, the international trading group, is buying out its equity partners in insurance brokers Bain Dawes in a deal worth £18.4m.

Bain Dawes is equally owned by A. W. Bain Holdings, in which S. Pearson and Son holds 76 per cent. of the shares with the remainder held by family interests, and Gray Dawes Westray in which Inchcape and P. and O. have equal stakes.

Inchcape is to issue 4.9m. shares to effect the transaction. Of these 3.6m. are to be placed on Inchcape's behalf by Baring Brothers at 365p from which proceeds Inchcape will pay P. and O. £5.8m. in cash and shareholders in A. W. Bain £7.4m.

The remaining 1.3m. shares are to be issued to A. W. Bain shareholders and S. Pearson and Son will take 1m. shares which it intends to retain as a long-term investment.

A bonus for Inchcape shareholders is that the Treasury has consented to a near doubling of the Inchcape dividend to 15p net as a result of this reasonably substantial placing.

The whole consideration, including Inchcape's existing stake, values Bain Dawes at £24m.

At December 31, 1975, as adjusted for a £1.6m. rights issue on completion, Bain Dawes had net tangible assets of £3.1m. and in the year earned pre-tax profits of £3.2m.

Inchcape describes the acquisition as "a logical development" which runs "in parallel with the group's present finance and confirming house activities in the U.K."

Inchcape has been advised by Baring Brothers, P. and O. by J. Henry Schroder Wagg and the Board of A. W. Bain by Lazard Brothers. Brokers to the placing are Hoare Govett and Cazenove and Co.

● comment

Inchcape's purchase of the outstanding shares in Bain Dawes looks a sensible deal. The placing arrangement is allowing the dividend to be doubled, while the amount of earnings dilution involved is relatively modest with Inchcape adding a tenth of its equity for an additional 8½ per cent. of historic profits. Up 15p to 395p yesterday, Inchcape has now risen close on a tenth since the end of July. BD's exit p/e is around 15¾ and this could ease down to around 12 in 1976 suggesting profits growth of a quarter to £4m. pre-tax for the company in 1976. Inchcape's yield is now up to 6 per cent. and likely to be covered well over twice on current year earnings.

DENTSPLY APPROVES

Dentsply International Incorporated shareholders have approved the tender offer for all the outstanding capital stock of ADI International.

Dentsply chairman Mr. H. M. Thornton says that over 88 per cent. of the outstanding shares of ADI covered by the offer have been tendered in London to Dentsply's U.K. subsidiary, Dentsply.

Three conditions remain for the offer to be finalised, listing approval on the London Stock Exchange of the sterling loan stock involved in the offer, Bank of England approval and that no legal challenges be initiated against the offer.

REO STAKIS

Reo Stakis Organisation announces that in furtherance to the conditions attached to the acquisition of the business of D. J. Dunne (Turf Accountants), it has made a further allotment of 138,889 Ordinary shares on account of the purchase price.

IRISH CINEMAS

The offers by Odeon Ireland for the Preference and Ordinary shares of Irish Cinemas have been declared unconditional and will remain open until September 20.

Acceptances of the Ordinary offer have been received in respect of 172,186 shares—75.05 per cent. of the shares subject to the offer. Prior to offer, Odeon Ireland already owned 1,237,236 Ordinary, some 84 per cent. of the total Ordinary capital.

Acceptances of the Preference offer have been received in respect of 134,005 shares, 67 per cent. of the total capital.

ICH EXTENDS

International Combustion (Holdings) has extended the Ordinary and Preference offers for Metropole Industries until further notice.

ICH has received acceptances (excluding subsidiaries) in respect of 491,892 Ordinary shares. With the 35,500 held before the offer and the 88,918 purchased since the date of the offer, the total is 616,310 Ordinary shares (85.9 per cent.).

Acceptances have been received for 672,389 Preference shares, and the 13,775 Preference shares purchased since the date of the offer and total holding is 782,384 (95.3 per cent.).

BACKER ELECTRIC

Agreement has been reached for Backer Electric manufacturer of electric heating components in Rotherham,* to acquire the majority control in Consumer Power of Saffron Walden, manufacturer of central heating equipment and solar panel heating systems. Consideration was for cash with part of the total payment based on profits in future years.

BOOKER MCCONNELL

Following the preparation and audit of the accounts of all subsidiaries in Guyana whose fixed assets and stocks (other than produce) were acquired by the Government there on May 26, Booker McConnell confirms that the total amount which it will receive over 20 years should exceed £10m. There has been no deterioration in the position since the chairman wrote to shareholders on June 3.

Promissory notes have now been received from the Government and the process of settling other matters, including the collecting of debts, in preparation for the liquidation of the companies continues according to plan.

REVERTEX

Shareholders in Prodorite, a private company, have been sent full details of the take-over of the company by Revertex.

The chairman in an accompanying letter states that the directors are confident that "the financial and technological resources of a larger group will provide for more effective exploitation of the opportunities which are available to enable substantial growth to take place over the next few years."

The company is to continue under its own name and existing management. Assurances from Revertex have been given as regards the employees of the company.

Tate & Lyle replies

Tate and Lyle hit back quickly yesterday at the bid defence document issued on Monday by Manbré and Garton. Mr. Saxon Tate warned that Tate's plans for the rationalisation of the cane sugar refining industry in the U.K. "could not go forward unless a full bid for Manbré goes through."

Mr. Tate denied that it had been his company that had broken off earlier negotiations between the two groups. However, he stated that circumstances had now changed and, in answer to Manbré's stated willingness in the document to resume talks, he said: "I cannot accept that any sort of negotiations could create a company that could support the capital expenditure required by the industry, and which could maintain employment."

He also replied to opposition expressed by the Manbré workforce. He pointed out that Tate had earlier given the undertaking that, in the event of the bid being successful, Manbré's Westburn Refinery in Scotland would be maintained.

SHARE STAKES

Argo Group SA has become the holders of 4,241,395 Williams Hudson Group Ordinary shares previously held by Argo Caribbean Group. Argo Group SA is controlled by the same trustees as Argo Caribbean and the change is part of an internal reorganisation.

Argo Group SA has recently acquired a further 224,000 Ordinary shares and Argo Caribbean remains the holder of 397,456 Ordinary shares.

Total number held by Argo Group SA, Argo Caribbean and associated companies is 5,238,851 shares (46.05 per cent.), an increase of 1.97 per cent. on holdings previously reported.

Chirit Investment has acquired 10,000 Tridant Group Printers Ordinary shares and has reduced its interest in 2,000 shares. Chirit is currently interested in 885,945 Tridant shares (20.22 per cent.).

Moorside Trust has an interest in 160,000 Hamilborne Ordinary shares (10.21 per cent.).

James Finlay Corporation has bought a further 40,000 Provincial Cities Trust Ordinary shares and its interest amounts to 1,194,500 shares (24.69 per cent.).

York Trust holds 1.5m. shares in Maurice James Holdings following purchases of 150,000 shares between July 27 and 29.

Hamilborne has an interest in 845,000 Reed and Mallik shares (about 24.8 per cent.) following a purchase of 30,000 shares.

Young Companies Investment Trust has been informed that Scottish Amicable Life Assurance together with its subsidiary, now hold a total of 1,506,250 (23.17 per cent.) Ordinary shares in Young Companies.

BARKER NEWSLINES

Barker Newslines, the public relations consultancy set up as Newslines in 1952, which came into the Charles Barker Group in 1972, will now become a part of Charles Barker Lyons at 30 Farringdon Street, E.C.4. This follows the recent merger of Charles Barker and F. J. Lyons.

UNERMAN

The official document containing details of the bid for Unerman Holdings by Donald Macpherson has been sent out to shareholders. The directors of Unerman, and Rexmore—which holds two-thirds of the Unerman equity—collectively accounting for 69 per cent. of the equity, have irrevocably undertaken to accept the offer.

Shareholders are being offered 72p per share cash or an alternative of 77 Macpherson shares for every 43 Unerman.

The pro forma balance sheet of Macpherson, as enlarged by the bid, shows net tangible assets of £7.7m.

Fitch Lovell prospects

In the annual report of food importers, manufacturers and distributors, Fitch Lovell, the chairman Sir Charles Hardie says that until the recovery "which will surely take place in the 1980s," the company like other food groups, will be required to operate in a climate of Government controls and declining consumer expenditure.

Covering the next few years is, however, the problem and the Board intends, in view of the long-term prospects, to continue with programmes of capital investment in diversified areas of the industry, particularly those where change can be foreseen.

For 1976-77 Board foresees a need for continuing prudence in forecasting, owing to the unforeseeable situation in the various food commodity markets which affect so much of the goods the group ultimately sells. All in all however, the Board anticipates continued progress in the coming year.

A significant movement on the group balance sheet is the increase in stocks of some £4.4m., says the chairman. This reflects largely the high level of inflation in the year under review.

Despite the increased volume of trading, the net bank borrowings at the date of the balance sheet record only a modest increase over the previous year and fall well within the facilities available to the group, the chairman states.

He continues: "Capital expenditure amounted to £5,854,000, reflecting a policy of continued investment. This expansion was covered by the inflow of cash from the group's operations and by the disposal of surplus properties and other assets."

As reported on July 30, group profit for the year ended April 24, 1976, was £6.08m. (£4.67m.), and the dividend is 3.295p (3.027p).

Meeting, Connaught Rooms, W.C., September 30 at noon.

Bernard Hughes setback

Unaudited trading results of Belfast based bakers and confectioners, Bernard Hughes for 28 weeks to October 11, 1975, indicated that a substantial loss has been incurred.

In August 1975 the Dept. of Prices and Consumer Protection agreed that the baking industry in Northern Ireland was unprofitable and that unless an increase in price of bread was granted, the industry faced an impossible future.

A price increase was permitted, but not until September 15, far too late to have any significant effect on trading for period under review, the directors state.

Production finally ceased in the Beechmount Avenue bakery in June, and all production in Belfast was concentrated in the Springfield Road bakery.

Production was rationalised between Belfast and Londonderry and redundancies were created in both locations.

Further steps are required to return the company to profitability and these are being instituted, the directors add.

Brown Bros. half-time

PRE-TAX profit of motor accessories distributors Brown Brothers for the half-year to June 30, 1976, has increased slightly from £740,000 to £750,000. The interim dividend is 0.2p (unchanged) net per 10p share.

The chairman, Mr. E. G. Spearing, says that present trends are generally satisfactory, particularly in the motor divisions of the distribution company. Overall prospects for the manufacturing subsidiaries are good, he says, and the Board expects some improvement from the Alif Company and exports are continuing well.

In reasonable circumstances, the chairman says, profits for the year should be ahead of 1975.

In that year the group made a pre-tax profit of £1.6m. and paid dividends totalling 0.6p net.

	Half-year 1976 £000	Half-year 1975 £000
Turnover	27,557	[illegible]
Trading profit	832	830
Trade investment	[illegible]	[illegible]
Interest paid	[illegible]	[illegible]
Profit before tax	750	740
Tax	[illegible]	[illegible]
Profit after tax	[illegible]	[illegible]
Minority interest	1	1
Attributable	[illegible]	[illegible]
Interim dividend	91	91
Retained	[illegible]	[illegible]

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Bank of America plans sale of 7m. new shares

BY JAY PALMER NEW YORK. Sept. 7.

BANK OF AMERICA, the world's largest commercial bank, announced this morning that it will be offering for sale early next month a total of 7m. new ordinary shares direct to institutional and private investors in Europe, the U.S. and Japan.

After the bank's recent one-for-one split of existing ordinary shares, this offer will increase equity by just over 5 per cent. on the basis of its post-split New York share price of $27. The sale is expected to raise about $189m. of new capital.

Of the total 7m. shares being offered for sale, Bank America, the California-based parent holding company, said that 6.6m. shares have been allocated for sale in the U.S. and Europe. The remaining 400,000 shares will be offered for sale in Japan.

Mr. Lee Prussia, chief cashier and vice-president, said that the U.S. and European offers will be managed by a syndicate headed by Blyth Eastman Dillon and including, as co-managers, Merrill Lynch, Salomon Brothers and Dean Witter.

While the Japanese offering will take place simultaneously, local laws call for a separate registration for pubic offerings. The Japanese underwriting will be managed by Nomara Securities.

Mr. Prussia said that the Bank is to-day sending telegrams to over 100 underwriters over the world asking them to participate. "Between 20 and 30 of these," he said, "are in Europe and eight or nine are British."

Bank of America, with assets of $66.8bn. and deposits of $56.5bn., *reported in 1975*, is ranked as the largest U.S. bank. This will be its first public sale of equity since the late 1950s.

This offering is the first attempt by a U.S. company to sell new shares publicly in the U.S., Europe and Japan. It goes a step further from Avis car-rental's sale of equity in 1970 when Japanese participation was limited to institutional investors.

Apart from J. P. Morgan raising $108m. of new equity capital last spring, the Bank of America sale is the first by any large American bank for some time. The sale comes after the U.S. banking industry's general liquidity problems stemming from bad debts by real estate investment trust and only a couple of years after the U.S. Federal Reserve Board turned down proposed diversification on the grounds of inadequate capital.

But the improving equity market combined with the bank's relatively strong financial position has cleared the way for the sale. A general view is that if the offer succeeds it could spark similar sales by other large U.S. banks.

French stake in U.S. brokers

BY RUPERT CORNWELL PARIS, Sept. 7.

THE PARIS-based Banque Arabe et Internationale d'Investissement (BAII), jointly owned by Arab and Western banks, has acquired a 10 per cent. stake in the caiptal of Reynolds Securities International, the holding company for the U.S. broking house of Reynolds Securities Inc.

The deal is believed here to be the first occasion that Arab banks have become directly involved in the Wall Street banking industry. Reynolds, brokers and dealers in municipal bonds, also have investment banking interests.

It employs some 3,000 people in 70 branches, mostly in the U.S., but also with two outlets in Switzerland. Last year it achieved revenues of $119.6m., and in the first half of 1976 reported income of $62m.

The importance of the deal for BAII, which is specialising in medium to long-term investment lending, is that for the first time it *provides* direct access to the U.S. capital market.

The 10 per cent. stake was bought from existing Reynolds shareholders, without any need for a capital increase. A spokesman for the Paris bank said tonight that BAII was satisfied with the size of its holding and saw no need to immediately increase it. No further financial details were available.

Banque Arabe et Internationale d'Investissement was set up in 1973. Its equity is split equally between institutions from eight Arab countries and 13 Western banks including Banque Nationale de Paris (BNP). At the beginning of this year its balance sheet totalled Frs. 2.552bn.—making it by that yardstick ninth in the league table of pure "banque's d'affaires" here.

Amev expecting higher profits

BY MICHAEL VAN OS AMSTERDAM, Sept. 8.

THE BOARD of Amev, the Dutch insurance company, said in its half-year statement to-day that profits were expected to show an increase this year with the profit per share likely to equal that of 1975. The company's capital was raised by 5 per cent. this year following a share payment charged to the premium reserve.

To-day's forecast by Amev suggests that the company's net profit per share would be around Fls.11.25 this year, which would represent a growth of 5 per cent. on an adjusted basis.

According to the Amev statement published in Utrecht, first-half net profits have in fact decreased to Fls.17.8m. from Fls.20.2m. in the same period last year. This was largely attributed to lower earnings from the accident insurance business in Holland, which has *inter alia* been affected by the impact of the January storm. The latter has involved a pre-tax sum of Fls.4.5m. for Amev. Life insurance business, it is added, showed a turnover growth of 20 per cent. to Fls.469.3m.

The statement said that first-half gross profits in life insurance—before costs and provisions—has risen to Fls.84.2m. (Fls.73.8m.) with accident insurance declining to Fls.27m. (Fls.32.3m.). Other activities brought in Fls.11.8m. (Fls.11.7m.) and profits achieved on investments was down to Fls.3.2m. (Fls.4.2m.). Costs amounted to Fls.126.2m. (Fls.122m.), while taxes and provisions clipped off only Fls.0.7m. in the first half (Fls.6.9m.).

Swissair above expectations

BY JOHN WICKS ZURICH, Sept. 7.

IN THE FIRST half of this year Swissair largely recovered from the setback sustained in 1975, according to a letter to shareholders of the Swiss airline. Results for the first six months are above expectations, although the company is not quite back to the pre-1975 development. The forecast for the remainder of 1976 is "favourable."

Despite the continuing difficulties caused by the high Swiss franc exchange rate, results for the period were noticeably higher than those for the corresponding six months of 1975 Total income rose by 11.9 per cent. to Sw.Frs.1.03bn. (Sw.Frs. 921.6m.) and gross profits jumped by as much as 127.1 per cent. to Sw.Frs.85.6m. (SwFrs. 37.7m.).

Portugal to raise $40m. loan

By Pauline Clark

IN ITS FIRST venture back into the Euromarket since the 1974-75 political upheavals, Portugal is seeking to raise $40m. for five years through an international syndicate of Euro-banks managed by six European and two American concerns.

The funds are to help pay for a dam to be built over the Douro river by the newly incorporated Portuguese national electricity company. But initially the loan—carrying a State guarantee—is to the national development bank, Banco De Fomento Nacional, which is already known in the international banking community.

Although Spain has already to some extent this year tested the reactions of international bankers to European borrowers with recently disturbed political histories, Portugal is showing a cautious approach almost certainly with a view to further borrowings later on.

The average life of the loan will be just three years and interest payments will be at a spread of 1¾ per cent. over London Interbank Eurodollar offered rates. This compares with around 1½ per cent. commanded lately by Spanish public authorities and between 1¾-1½ per cent. for the Kingdom of Spain itself. With participation fees, the ultimate cost of the loan to Portugal is around 2¼ per cent.

The international banking management group is led by Kredietbank S.A. Luxembourgeoise which also first tested Portugal's name in the Euromarket 15 years ago by introducing the country's first Eurobond.

* * *

THE BULGARIAN Foreign Trade Bank is to raise $75m. on the Euromarket soon. The loan is expected to offer a spread of 1¾ per cent. on a five-year maturity, compared with 1½ per cent. on a five-year maturity in the case of the last major syndicated loan for Bulgaria. The front-end fees are expected to be substantially larger this time, however, and to bring the overall yield to participating banks to only slightly less than on the last loan.

Bankers Trust International is reported to be lead manager.

Capital increase at Swiss Bank Corp.

IN LINE with the growth of its business and to comply with statutory equity ratio requirements, the Swiss Bank Corporation, of Basle, is to recommend a one-fifth increase in its share and participation-certificate capital, reports John Wicks from Zurich.

Subject to approval from the Federal Commission for Capital Issues and an extraordinary general meeting to take place on October, 14, existing holders of registered shares, bearer shares and participation certificates will be entitled to corresponding new stock on a 1:5 basis and at a price of Sw.Frs.140 per unit of Sw.Frs.100 nominal value. The new stock, to be offered for subscription from October 25 to November 5, would be entitled to dividend from July 1, 1976.

The new issue, which involves 1,146,700 registered shares, 1,100,000 bearer shares and 380,328 participation certificates, will bring the SBC's published capital and reserves up to a total of Sw.Frs.3,061m. The number of new participation certificates to be issued may possibly increase, should *holders of* convertible bonds exercise their conversion rights before September 25.

Moulinex up

MOULINEX, THE French household appliance group, to-day reported a pre-tax parent company profit of Frs.87.4m. (£10m.) for the first six months compared with Frs.65.5m. for the corresponding period of 1975. The sum set aside for depreciation climbed to Frs.37.8m. from Frs.33m., Rupert Cornwell writes from Paris.

Although this year's figures have been calculated without taking account of tax nor of the eventual share of employees in profits, it looks highly probable that the consolidated net earnings of Frs.39m. achieved in 1975 will be surpassed.

SHIN MEIWA

Future in flying boats

BY CHARLES SMITH, FAR EAST EDITOR

JAPAN'S aircraft industry is not exactly a symbol of the nation's economic strength. It employs about 25,000 people or roughly one-seventh of Britain's and depends for survival on a meagre flow of orders from the euphemistically named Self Defence Agency.

Nevertheless it would be wrong to dismiss the industry as a joke. It was certainly not that during the war when one million Japanese were building aircraft and the Zero fighter ranked as one of the world's most formidable weapons.

One sign that outsiders might have to start taking Japanese aeroplanes seriously again is what has been going on recently at the Kobe factory of Shin Meiwa, an affiliate of the Hitachi group which happens also to be one of the world's very few surviving makers of flying boats.

Shin Meiwa was a main contractor to the Japanese Imperial Navy before and during the war. It reached its peak as the manufacturer of the big "Emily" flying boat (the Japanese like sentimental names for unsentimental objects) of which more than 150 were built before the Japanese surrender. After the war, Shin Meiwa, along with the rest of the industry, was ordered by the U.S. occupation authorities to get out of aircraft. The company now makes barber's chairs, magazine vending machines and garbage trucks among a bewildering array of products. But it has also been back in the aircraft business for some years and claims to lead the world in its particular speciality. This is a flying boat, code-named the PS-1, which can land and take off in the open sea with waves up to 3 metres high.

The PS-1 first appeared in 1967, since when the self defence agency has bought 16 aircraft. The aircraft is a potentially formidable anti-submarine weapon, which is useful because Japan's biggest defence headache these days is the increasing presence of Soviet submarines in its coastal waters. A PS-1 can land in the Pacific anywhere within a thousand miles or so of Japan, turn off its engines and probe for submarines with sonar equipment for anything up to ten hours before returning to base. It has rockets on its wings so it could also wipe out a couple of submarines per mission if it chose. It is more silent as an anti-sub

weapon than a carrier-based helicopter which has to keep its engines running; a lot cheaper, because you don't need an aircraft carrier; and much less politically embarrassing, because missions by aircraft carriers a thousand miles from the coasts of Japan would attract notice, when individual aircraft do not.

However, there is one problem about the whole PS-1 venture, so far as Shin Meiwa is concerned. The Self Defence Agency is not rich enough to buy more than a fairly small number of aircraft and the Japanese Government virtually bans the export of weapons (including anti-sub aircraft) to other countries. This has meant, up to now, that Shin Meiwa has been boxed into a small-scale, high-cost production programme which might be technologically exciting but offered little prospect of earning much money. The flying boats at present earn less for the company than its garbage trucks and other specialised vehicles, and perhaps not all that much more than the slot machines and barbers' chairs

A way round this problem seemed to have been found recently, when Shin Meiwa announced that it had developed a revised version of the PS-1 which can land on the ground as well as on the sea and the Japanese Government helpfully decided that the new version (known as the US-1) was "not a weapon." The US-1 can be used in air-sea rescue and was in fact so used for the first time a couple of weeks ago when a Greek sailor with a severed arm was lifted off a merchant vessel a thousand miles or so from Japan. A "water-bombing" version of the aircraft, which scoops up eight tons of water from the sea in approximately 50 seconds, has a potential fire-fighting role.

With these applications to offer Shin Meiwa is all agog to find export customers. It claims to have been in touch, so far, with potential buyers in New Zealand, Australia, Indonesia and most recently with Iran and Saudi Arabia. However, production remains tiny and prices are correspondingly high. Shin Meiwa says one US-1 with spares costs about Y4bn. (nearly £8m.), which is a good deal for a relatively small aircraft. Commercial buyers tend to shy away from such a proposition, and that is why the company is distinctly interested in offers from foreign navies. There would be nothing "wrong," so far as the Japanese Government is concerned, in the US-1 being sold to the Royal Navy or the U.S. Navy (which is reportedly "very interested") so long as it was not equipped with rockets and sonar. What happened afterwards would be none of Shin Meiwa's business.

ASIAN REINSURANCE

Singapore in the centre

BY HO KWON PING IN SINGAPORE

SINGAPORE moved one step nearer towards establishing itself as the centre of the Asian reinsurance market when the Government-owned insurance corporation of Singapore (ICS) recently acquired a majority shareholding in Asia's only multinational reinsurance group. ICS subscribed to 55 per cent. of the capital of the Reinsurance Management Corporation of Asia (RMCA), formerly known as the Asia Reinsurance Management Corporation (ARMC).

ARMC collapsed when its parent company, C. and W. Corporation of New Jersey, went bankrupt at the end of last year. After having actively encouraged ARMC and the development of the island as the regional reinsurance centre, the Government could not allow the company's collapse and quickly moved to take over financial responsibility, together with the London-based insurance and reinsurance group, of C. T. Bowring, as the other major shareholder.

RMCA will underwrite reinsurance business on behalf of a group of leading insurance and reinsurance companies, most of which are Asian. The group presently comprises the Asia Insurance Company of Hong Kong, Bangkok Insurance Company, Nippon Fire and Marine Insurance Company, National Surety Corporation of California, Instituto de Resseguros do Brasil, Insurance Corporation of Singapore, New India Assurance Company, Oriental Fire and Marine Insurance Company of Korea, Universal Reinsurance Corporation of the Philippines, and National Insurance Company of New Zealand.

The Singapore Government's guiding hand in the group's activities will be felt through the Board, half of whom are from the Insurance Corporation of Singapore. The general manager of ICS, Chew Loy Kiat, is also the Chairman of RMCA. According to Christopher Lister, a director of the old ARMC and managing director of RMCA, the company groups together reputable insurance firms in the region and enables them to break into the world reinsurance market by offering an underwriting capacity comparable with international standards.

The bulk of reinsurance business from Asia has traditionally been channelled to other reinsurance centres of the world, particularly the London market. RMCA's main goal is to stem the outflow of reinsurance funds from the region. By keeping Asian reinsurance premiums within Asia, currency exchange drains can be minimised and the funds utilized for regional investment purposes. At the same time, RMCA is beginning to break into the international market and attract non-Asian reinsurance business into the region.

Asia is by far the largest premium income area for the group: 40 per cent. of the approximately US$2.5m. premiums so far accepted by RMCA comes from Asian Reinsurance needs. Western Europe accounts for about 15 per cent. of the business, America 20 per cent., South America 10 per cent., and Africa and the Middle East make up the balance.

Because the reinsurance market is more international in character than insurance, Singapore is keen to promote the growth of this industry. Tax laws are being changed so that the profits tax on foreign transactions by insurance and reinsurance companies here will be cut to 10 per cent., substantially lower than the old 40 per cent. Technicalities in the tax laws are also being changed to reflect the different accounting methods of the reinsurance business.

Profits fall, dividend held at Gadsden

BY JAMES FORTH SYDNEY, Sept. 7.

CONTAINER maker J. Gadsden Australia suffered a 28 per cent. reverse in profits for 1975-76 but is maintaining the dividend at 14 cents a share. Earnings dropped from $A4.9m. to $A3.5m. which the directors blame mainly on "extreme over-capacity" in the industry, especially in the second half. Despite the profit reduction the dividend is still covered by earnings of 26.7 cents a share compared with 37.2 per cent. in 1974-75. Gadsden, unlike its major competitors Australian Consolidated Industries and Containers, has stayed with production of a three-piece can rather than a two-piece can, and believes there is sufficient capacity in the company's sector of the market for at least the next eight years.

Apart from the over-capacity prevailing, Gadsden said it had been unable to recover selling price increases approved by the Prices Justification Tribunal which adversely affected the profit-to-sales ratio. The lower profit was despite a 9 per cent. rise in group sales, from $A103m. to $A112m.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1989	102½	103
Aquitaine 10pc 1985	104½	105½
Bowater 9½pc 1988	101½	102
Caisse Natl Auto. 9pc '86	99½	100½
CNE 9¼pc 1985	100¾	101¾
ECS 9½pc 1986	101½	102
EIB 9⅞pc 1985	103½	104½
ERAP 9½pc 1985	102½	103
Esso 8pc 1986 Nov.	100⅝	101⅛
Eurofima 8½pc 1983	100½	101
Granges 9½pc 1985	102½	103
ISE Canada 9½pc 1986	102½	103
Massey Ferguson 9½pc '91	101½	102½
Michelin 9½pc 1986	100	100½
Modo 9½pc 1983	101½	102½
Natl. Westminster 9pc 1986	99½	100½
Norpipe 9½pc 1986	100½	101½
Norsk Hydro 9½pc 1988	102	102½
Oslo 9pc 1988	100½	101
Pacific Light 8pc 1988	96½	97½
Prov. Quebec 9pc 1984	100½	101½
Sandvik 9½pc 1988	101½	102½
Prov Saskatchewan 8½pc 86	100½	101½
SFE 9pc 1983	100	100½
Shell 8pc 1986	100½	101½
Standard Oil (Ind.) 8½pc 88	103	103½
Svenska Handels 9½pc 1986	101	101½
Volvo 9½pc 1983	103½	104½
NOTES		
Bank of Tokyo 8½pc 1981	100½	101½
Barclays 9¼pc 1982	102½	103½
British Gas 9pc 1981	100	100½
Charbonnages Frce 9½pc 81	100	100½
Denmark Mort. Bk. 9pc 82	100½	101½
ECS 8½pc 1981	100½	101½
EEC 8½pc 1982	98	99½
Montreal Urban 8½pc 1981	98½	99
Nac. Financiera 10pc '81	102½	103½
Natl. Coal Brd 8½pc 1981	98½	99
New Brunswck Prv 9½pc 83	100½	101½
Seagram 9pc 1983	101½	102½

Source: White Weld Securities London.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	85	87
Ashland 5pc 1988	83	85
Beatrice Foods 4¼pc 1992	99	101
Beatrice Foods 4½pc 1992	113	115
Borden 5pc 1992	100	102
Broadway Hale 4¼pc 1987	77½	79½
Canon Camera 7½pc 1989	144	
Carnation 4pc 1987	84	86
Chevron 5pc 1988	117	119
Dart 4½pc 1987	95	97
Eastman Kodak 4½pc 1988	113	115
Economic Labs. 4½pc 1987	77	79
Fed. Dept. Stores 4½pc '85	116	118
Firestone 5pc 1988	88	90
Ford 6pc 1986	96	98
Ford 5pc 1988	85½	87½
General Electric 4¼pc 1987	88	90
Gillette 4½pc 1987	77	79
Gould 5pc 1987	97½	99½
Gulf and Western 5pc 1988	98	100
Harris 5pc 1992	94½	96½
Honeywell 6pc 1986	85½	87½
ITT 4½pc 1987	77½	79½
Komatsu 7½pc 1990	108	109½
J. Ray McDermott 4½pc '87	143	145
Mitsubishi Elec. 7½pc 1991	103½	105
Mitsui 7½pc 1990	104	105½
J. P. Morgan 4½pc 1987	108	110
Nabisco 5½pc 1988	94½	96½
Owens Illinois 4½pc 1987	98	100
J. C. Penney 4½pc 1987	92	94
Pioneer 6½pc 1989	309	
Raymond 8¾pc 1993	101½	102½
Revlon 4¾pc 1987	110	112
Reynolds Metals 5pc 1988	92	94
Sperry Rand 4¼pc 1987	87½	88½
Squibb 4½pc 1987	77½	79½
Texaco 4¾pc 1988	79½	80½
Toshiba 6½pc 1990	107	108½
Union Carbide 4½pc 1982	113	115
Warner Lambert 4½pc 1987	91	93
Warner Lambert 4½pc 1988	85½	87½
Xerox 5pc 1988	79½	81½

Source: Kidder, Peabody Securities.

Capital increase for ADB

By John Wicks

ZURICH, Sept. 7

SUBSCRIBED capital of the Asian Development Bank (ADB) is to rise from $3.3bn to $8.6bn. by the end of next year. This increase, negotiations on which are soon to be concluded, will result from a 135 per cent. augmentation of overall subscribed capital and individual outstanding capital increases on the part of the United States, Canada and Federal Germany.

Speaking in Zurich, bank treasurer Dr. Wolf Preuss said that a further expansion of capital was slated for 1981.

The bank recommends that 10 per cent. of the subscribed capital involved in the 135 per cent. general increase should be paid up. This compares with paid-up proportions of 50 per cent. in the original ADB capital and 20 per cent. in the capital increase which took effect in 1972. As of June 30 1976, actual paid-up capital amounted to $990.4m. The remainder of the subscribed capital is in the form of "callable" capital which can be called in where required to meet liabilities connected with the floating of loans or the granting of guarantees.

Dr. Preuss said that ADB borrowings will pass the $500m mark this year, including a 15-year loan of Sw.Frs.80m. to be floated at 6¾ per cent. in Switzerland on Wednesday. This shows a sharp increase in the bank's borrowing activity loans with a total of $320m having been raised between formation of the body in 1966 and the end of 1974 and were almost this sum again for 1975 alone.

Hutchison increases H. A. O'Connors' bid

HUTCHISON International Singapore, wholly-owned subsidiary of the Hong Kong based Hutchison International has decided to make a second attempt to take over the whole of H. A. O'Connors' issued capital of 75,000 shares by raising its bid to $S11 to $121 per share, reports H. L. Lee from Singapore.

Hutchison's first bid of $110 fell through when Wearne Bros. decided to counter with a bid of $115 some ten days ago. Wearne bid was also the company's second attempt to take over H. A. O'Connors.

SHK—Nationwide

SUN JUNG KAI Properties (SHK) and Nationwide Realty and Enterprises said they agreed in principle for SHK to acquire 12.74m. nominal one HK$ shares in Nationwide representing about 70 per cent of its issued capital, for $0.6 a share from Bhojraj Heera Sakhrani, an individual shareholder, reports Reuter from Hong Kong.

Subject to satisfactory completion of the sale, expected to take place within the next ten days, SHK will make an unconditional offer at the same price to the remaining shareholders in Nationwide, the companies said.

Ford forecast

Ford Motor Company expects its combined sales of cars and trucks in the fourth quarter of this year to total between 950,000 and 1m. units Mr. William Bourke, executive vice president for Ford's North American operations predicted yesterday, AP-DJ reports from Dearborn, Michigan. He said Ford sold a record 954,000 units in the comparable 1972 period. Fourth quarter sales a year ago were 829,000 units.

London Clearing Banks' balances

at August 18, 1976

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. *Table 3* covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1.
AGGREGATE BALANCES

	Total outstanding £m.	Total outstanding £m.	Change on month £m.	Change on month £m.
LIABILITIES				
Sterling deposits:				
U.K. banking system	2,924		+ 68	
Other U.K. residents	23,582		+175	
Overseas residents	1,640		− 49	
Certificates of deposit	1,792		− 75	
		29,938		+ 119
of which: Sight		11,094		− 72
Time (inc. CD's)		18,844		+ 191
Foreign currency deposits:				
U.K. banking system	2,925		+ 47	
Other U.K. residents	703		+ 78	
Overseas residents	8,415		− 73	
Certificates of deposit	1,074		+ 15	
		13,117		+ 67
Total deposits		43,055		+ 186
Other liabilities		6,844		− 149
TOTAL LIABILITIES		49,899		+ 37
ASSETS				
Sterling				
Cash and balances with Bank of England		1,048		− 29
Market loans:				
Discount market	1,182		−122	
U.K. banks	4,753		+506	
Certificates of deposit	884		− 3	
Local authorities	1,232		− 9	
Other	305		+ 3	
		8,356		+ 375
Bills:				
Treasury bills	1,176		+333	
Other bills	814		+ 21	
		1,990		+ 354
Special deposits with Bank of England		699		+ 26
Investments:				
British Government stocks	1,790		− 9	
Other	996		+ 4	
		2,786		− 5
Advances:				
U.K. private sector	14,969		−383	
U.K. public sector	131		− 30	
Overseas residents	2,049		—	
		17,149		− 413
Other sterling assets		4,122		− 346
Foreign currencies				
Market loans:				
U.K. banks and discount market	2,710		−128	
Certificates of deposit	217		− 16	
Other	5,066		+195	
		7,993		+ 51
Bills		24		—
Advances:				
U.K. private sector	1,654		− 11	
U.K. public sector	992		+ 41	
Overseas residents	2,488		+ 10	
		5,134		+ 40
Other foreign currency assets		598		− 16
TOTAL ASSETS		49,899		+ 37
Acceptances		294		+ 20

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m.	Change on month £m.	BARCLAYS Outstanding £m.	Change on month £m.	LLOYDS Outstanding £m.	Change on month £m.	MIDLAND Outstanding £m.	Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	Change on month £m.	WILLIAMS & GLYN'S Outstanding £m.	Change on month £m.
LIABILITIES												
Total deposits	43,055	+ 186	11,721	+ 12	8,231	+ 142	8,554	+ 27	13,011	− 5	1,538	+ 10
ASSETS												
Cash and balances with Bank of England	1,048	− 29	311	− 41	164	− 7	239	− 8	307	+ 26	27	+ 7
Market loans:												
U.K. banks and discount market	8,645	+ 256	2,028	− 51	2,056	+ 30	1,597	+ 124	2,657	+ 143	307	+ 10
Other	7,704	+ 179	2,941	+ 171	1,685	+ 68	1,313	− 6	2,378	− 71	287	+ 8
Bills	2,014	+ 354	550	+ 54	414	+ 165	399	+ 46	588	+ 90	63	− 1
Special deposits with Bank of England	699	+ 26	219	+ 7	103	—	142	+ 7	215	+ 11	20	+ 1
British Government stocks	1,790	− 9	457	− 6	510	− 2	325	—	488	—	10	− 1
Advances	22,283	− 373	6,477	− 85	3,483	− 46	4,698	− 75	6,719	− 161	901	− 6

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Outstanding	Change on month	BARCLAYS Outstanding	Change on month	LLOYDS Outstanding	Change on month	MIDLAND Outstanding	Change on month	NATIONAL WESTMINSTER Outstanding	Change on month	WILLIAMS & GLYN'S Outstanding	Change on month
Eligible liabilities	19,387	− 603	6,172	− 154	2,956	− 79	4,225	− 134	5,395	− 233	639	− 3
Reserve assets	2,624	− 106	818	− 52	410	+ 4	578	+ 2	735	− 62	83	+ 2
Reserve ratio (%)	13.5	− 0.2	13.3	− 0.4	13.9	+ 0.5	13.7	+ 0.5	13.6	− 0.6	13.0	+ 0.4

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	†August 18, 1976 £m.	Change on month £m.
Eligible liabilities		
U.K. banks		
London clearing banks	19,513	− 601
Scottish clearing banks	2,112	− 1
Northern Ireland banks	—	—
Accepting houses	1,699	+ 128
Other	5,704	+ 279
Overseas banks		
American banks	3,246	+ 249
Japanese banks	346	+ 29
Other overseas banks	1,864	+ 80
Consortium banks	163	+ 28
Total eligible liabilities*	35,179	+ 190
Reserve assets		
U.K. banks		
London clearing banks	2,642	− 107
Scottish clearing banks	294	+ 13
Northern Ireland banks	—	—
Accepting houses	324	+ 62
Other	1,020	+ 253
Overseas banks		
American banks	525	+ 87
Japanese banks	47	+ 4
Other overseas banks	337	+ 35
Consortium banks	43	+ 13
Total reserve assets	5,328	+ 362
Ratios %		
U.K. banks		
London clearing banks	13.5	− 0.2
Scottish clearing banks	13.9	+ 0.6
Northern Ireland banks	—	—
Accepting houses	19.1	+ 2.5
Other	17.9	+ 3.8
Overseas banks		
American banks	16.2	+ 1.6
Japanese banks	13.5	− 0.2
Other overseas banks	18.1	+ 1.2
Consortium banks	26.5	+ 4.2
Combined ratio	15.1	+ 0.9
	£m.	£m.
Constitution of total reserve assets		
Balances with Bank of England	298	− 7
Money at call:		
Discount market	1,675	− 12.1
Other	190	+ 2
Tax reserve certificates	—	—
U.K., Northern Ireland Treasury Bills	1,950	+ 504
Other bills:		
Local authority	167	+ 23
Commercial	616	+ 5
British Government stocks with one year or less to final maturity	432	− 44
Other	—	—
Total reserve assets	5,328	+ 362
	£m.	£m.
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	213	+ 10
2—Finance houses		
Eligible liabilities	290	+ 7
Reserve assets	30.0	− 0.2
Ratio (%)	10.3	− 0.4

Special deposits at August 18 were £1,029m. (up £29m.) for banks and £8m. (unchanged) for finance houses. * Interest-bearing eligible liabilities were £23,974m. (up £203m.). † Figures for Northern Ireland banks were not available because of industrial action by bank employees. Total figures for all banks include those for Northern Ireland banks for mid-May 1976.

Maplin revival 'unfounded'

REPORTS that the Government was reconsidering Maplin as a site for a third London airport were "unfounded," a Minister said yesterday.

Mr. Stanley Clinton Davis, Under Secretary for Aviation, said the case for a third London airport up to 1990 had still to be made out. Replying to Mr. Eric Moonman, Labour MP for Basildon, Mr. Davis said consultations were going on with local authorities, airport managements, amenity groups and others on the way the future growth of air traffic should be handled.

Speaking of the decision to abandon Maplin, Mr. Davis said: "Subsequent developments, particularly the somewhat lower traffic levels now envisaged, do not suggest that the factors which led the Government to that decision have altered."

Mr. Moonman said the reply "will go a long way to reassure many hundreds of thousands of people in Essex and East Anglia."

Air service

Unifast, Unilever's groupage and freight forwarding subsidiary, has moved into air freight, with operations based initially at its Manchester depot. More than 120 destinations are served.

"In the near future both our London and Birmingham depots will also be able to offer the total package," Mr. Peter Bower, Unifast's marketing manager, said. In all, Unifast has five depots around the country.

COMPANY NOTICES

LEGAL NOTICES

COMPANY NOTICES

SEMINARS

GOURMET

EDUCATIONAL

APPOINTMENTS

WALL STREET + OVERSEAS MARKETS +FOREIGN EXCHANGES

Advance resumed with Index up 7.48

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Sept. 7.

THE RECENT upward movement continued on Wall Street to-day, following the Labor Day holiday, although there was no special news to account for the market's firmness.

The Dow Jones Industrial Average further advanced 7.48 to 996.59 and the NYSE All Common Index moved up 39 cents to $56.04, while rises led falls by 925-to-491. Trading volume expanded 3.03m. shares to 16.31m.

Brokers noted that the post-Labor Day period is often a time of reinvestment by investors who had taken more liquid positions prior to the August vacation period.

Analysts added that the market continued to benefit from an accumulation of indications that inflationary pressures were letting up, including some price cancellations and rollbacks and a decline in the Wholesale Price Index.

In the day's economic news, a late Commerce Department Survey shows Business Capital Spending Plans are little changed from earlier in the year.

Rucker, the most active issue, moved ahead $6¼ to $27¾ but NL Industries lost $½ to $20¼ following agreement to merge with each Rucker Common to be converted into $33 of NL Common.

Stone Container were down $¾ to $14¼—National Packaging said the sale of its business and assets to Stone Container was closed September 1.

Ponderosa System lost $1 to $7½ on second-quarter earnings of 24 (30) cents a share.

In Gold Minings, ASA rose $½ to $18¼, Dome Mines $¾ to $37¾, Campbell Redlake $⅞ to $18⅞ and Homestake Mining $1⅛ to $29⅞.

Sears, Roebuck improved $1¼ to $70—it expects "continuing steady sales growth" at least through spring of 1977.

But Electronic Data Systems fell $1¾ to $15⅞—F and M Schaefer, unchanged at $9¼, sued Electronic Data, charging fraud and seeking $115m. in damages.

The American SE Market Value Index rose 0.27 to 102.87, while advances led declines by 305 to 266. Turnover amounted to 1.76m. (1.45m.) shares.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Rucker	334,800	27¾	+6¼
Amer. Tel. Tel.	206,400	59½	−¼
Southern Co.	199,200	15⅛	—
Tenneco	155,700	30¼	−¼
Amer. Home Prod.	145,100	34⅛	+⅜
Westinghouse Elec.	141,900	17¼	+½
Dow Chemical	139,900	47¼	−¼
Clorox	138,200	12⅞	−⅛
Gulf Oil	137,800	28	+⅛
Gibralt Finl.	137,400	10½	+¼

OTHER MARKETS

Canada higher

Canadian Stock Markets were mostly higher in light trading yesterday.

The Industrial Share Index rose 1.06 to 189.14, golds advanced 6.61 to 234.04. Banks put on 1.31 to 254.94, papers gained 0.76 to 126.74, and utilities firmed 0.53 to 148.68. But Western Oils eased 0.63 to 223.20 and Base Metals shed 0.15 to 90.28.

Reichhold Chemicals lost $1 to $21½.

Aquitaine Canada rose $1 to $20⅞, following its Group oil or gas discovery offshore Labrador.

Cannon added $1 at $24¼, Inco $⅜ at $32⅞ and BP Canada $⅜ at $9½.

Total Petroleum put on $⅜ to $7½ and Royal Bank $¼ to $29¼.

PARIS—Generally firmer in quiet trading.

Foodstuffs, Motors, Constructions, Rubbers, Oils and Banks all rose.

The Foreign Sector was mixed, with Oils higher but Gold Mines were lower.

AMSTERDAM—Market eased in quiet trading.

Dutch Internationals were generally lower, although Royal Dutch and Unilever each firmed slightly.

Transportations were mixed, while Insurances, Industrials and Trading stocks fell. Banks recorded sharper losses, with ABN falling Fls.7 and NMB Fls.2.50.

Among Insurances, Ameve fell Fls.4.80 on lower first half year profits.

State Loans were little changed to slightly lower.

BRUSSELS—Mixed to lower in slow trading.

Steels were mixed. Arbed rose Frs.25 to 3,875, but Clabecq were off Frs.40 to 4,320. In lower Electrical and Utility stocks, Intercom slipped Frs.15 to 1,550.

Non-ferrous Metals eased, with Asturienne down Frs.16 to 1,306. Among reduced Chemicals, UCB shed Frs.30 to 2,295. Societe Generale lost Frs.30 to 2,245 in lower Holdings.

Oils were a little lower.

Internationals were firm. In higher Dutch, German and French sectors, Unilever were up Frs.10 to 1,800, Siemens Frs.25 to 4,410 and Pechiney Frs.2 to 770.

U.S. shares were steady. Among lower South African Golds, Vaal Reefs dipped Frs.13 to 453.

GERMANY — Some sectors gained up to DM3, due to selective buying by some Investment Funds.

KHD rose DM1.50 after announcing its plant subsidiary had a DM235m. cement works order from Saudi Arabia.

Linde gained DM3 and Man DM2.

Stores were firmer, while Siemens, up DM2, and Commerzbank, up DM2, performed best in the Electrical and Banking sectors.

Public Loans were mixed. The Regulating Authorities sold DM4.5m. nominal of stock. Foreign Mark Loans were well maintained.

SWITZERLAND — Markets recovered from Monday's sharp decline to close generally very steady.

In a little-changed Banking sector, Hypo Solothurn and its rights continued higher.

Swissair firmed Frs.2 to 620 following its half-year results.

Insurances were generally resistant, while leading Industrials improved on selective demand.

Dollar and German stocks were steady, while Dutch Internationals fluctuated narrowly.

COPENHAGEN — Generally lower in fair dealings.

VIENNA — Mainly higher, although leading Banks' preferred shares eased slightly.

OSLO—Industrials were barely steady, Insurances quiet, Shippings irregular, while Bankings were steady.

MILAN—Mixed, with operators prudent ahead of industry's autumn labour negotiations.

Bonds were marginally lower in thin dealings.

JOHANNESBURG—Gold shares traded actively at higher levels while Financial Minings tended to rise in quiet trading.

Coppers were quietly steady, with Palamin shedding 25 cents to R1.125, and Platinums were basically unchanged in light dealing.

Coals were firmer, as were Industrials.

HONG KONG—Narrowly mixed in active two-way trading.

Hong Kong Land gained 5 cents to $HK7.20, but Jardine Matheson lost 20 cents to $HK20.50 and Wheelock Marden 2½ cents to $HK2.475.

TOKYO—Market fell across the board in limited trading, following an increasing outstanding balance of margin trading and also political uncertainties. Volume 180m. (same) shares.

Electricals and Motors led by the decline, with Sony off Y10 to 2,600, Matsushita Communications Y50 to 1,750 and TDK Electronics Y40 to 1,950.

Pioneer shed Y50 to 3,240, despite an exchange decision to allow the shares to be traded in minimum units of 100 instead of the present 1,000, effective September 20.

Export-oriented shares also lost ground on the yen's rise.

Foods, Oils, Ceramics, Machinery, Cameras, Trading Houses and Shippings levelled off on selling.

AUSTRALIA—Leading Minings and Industrials fell in dull trading.

Poseidon fell 35 cents to $A1.25—the company has been queried three times in the past two weeks and was suspended after the close of trading.

Pancontinental also fell 40 cents to $A13.30, while Peko-Wallsend lost 22 cents to $A5.54.

CGFA shed 5 cents to $A2.85, as did Kathleen to $A1.70. But Utah rose 10 cents to $A4.70.

BHP lost 4 cents to $A5.96 and CBC 8 cents to $A1.90.

Pound weaker

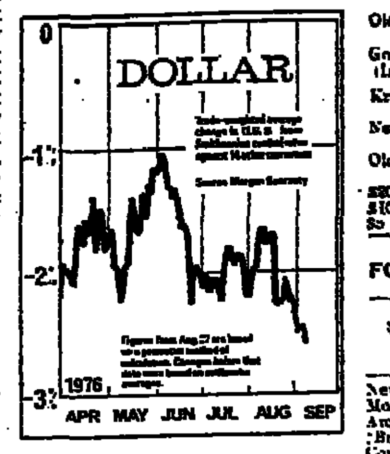
Sterling lost ground in the foreign exchange market yesterday, but trading was fairly thin and the pound remained within a range of $1.7705-1.7725 throughout the day. The opening rate for sterling against the dollar was around $1.7705-1.7715, but following some speculative selling during the morning, support was given to the pound at about $1.7712. With business generally fairly quiet the scale of support by the Bank of England was not large, though the fairly persistent selling of sterling was probably because of fears about current labour problems in the U.K. Unrest at British Leyland and the National Union of Seamen's vote *for industrial action have led* to the present bout of nervousness.

The pound closed at $1.7710-$1.7720, a fall of 15 points on the day. Its trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, widened to 39.7 per cent. from 39.6 per cent., and stood at 39.7 per cent. at noon and in early dealings.

The U.S. dollar was weaker against most other major currencies and may have received some support from the West German and Dutch authorities. Its trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, widened to 2.60 per cent. from 2.46 per cent. on Friday.

Trading in most European currencies was generally quiet, but the Bank of France may have intervened to support the French franc.

Gold fell fairly sharply following its large rise on the previous day. It closed at $110-111, a fall of $4½ on the day. The krugerrand's premium over its gold content narrowed to 3.83 per cent. from 3.91 per cent. for domestic delivery, but widened to 3.85 per cent. from 3.48 per cent. in the international market.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Sept. 7	Sept. 3
Sterling	0.650189	0.649210
U.S. dollar	1.15168	1.15092
Belgian franc	44.6852	44.7075
Deutschemark	2.90258	2.90435
French franc	5.66670	5.67806
Italian lira	968.189	968.068
Japanese yen	331.914	332.271
Dutch guilder	3.03065	3.03210
Swedish krone	5.06048	5.06520
Swiss franc	2.85467	2.85808

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Sept. 7	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfu't	—	2.5211-16	51.20-55	6.49-50	4.462-467	95.76-81	101.69-74
N. York	39.62-64		20.22-30	2.575-579	1.7710-7715	37.97-38.01	40.30-32
Paris	195.075-475	4.9155-9252	—	12.674-899	8.703-723	186.85-25	198.27-67
Brussels	15.7-41	38.79-85	1.97-90	—	68.68-81	14.75-77	15.63-66
London	4.46½-47½	1.771-772	8.72½-75½	62.75-85	—	4.66-67	4.39½-40½
Am'rd'm	104.37-42	2.630-27	53.465-615	6.77½-78½	4.659-664	—	106.165-235
Zurich	98.31-38	2.4795-4805	50.30-55	5.25½-5900	4.3925-55	94.17-24	—

U.S. $ in Montreal U.S. $=97.76-78 Canadian cents.
Canadian $ in New York, C $=102.28-30 U.S. cents. U.S. $ in Milan 840.45-840.75.
Sterling in Milan 1488.30-89.50.

EURO-CURRENCY INTEREST RATES*

Sept. 7 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
†Short term	16⅛-16⅝	5⅛-5⅜	8¼-9¼	18-20	4⅛-4¼	2⅜-2½
7 days notice	16⅛-16⅝	5⅛-5⅜	8¾-9¾	18-20	4⅛-4¼	1⅝-1⅞
Month	14-14½	5¼-5½	9⅛-9⅝	17-18	4¼-4⅜	1¼-1½
Three months	14-14½	5⅝-5⅞	9⅜-9⅝	13-14	4⅜-4½	1⅛-1½
Six months	14⅜-14⅞	6-6¼	9½-9¾	11-12	4½-4¾	[illegible]
One year	14⅜-14⅞	6⅜-6⅝	9½-9¾	9½-10½	5⅜-5½	2⅛-2⅜

Euro-French deposit rates: two-day 9¼-9¾ per cent.; seven-day 9½-9¾ per cent.; one-month 9¾-10¼ per cent.; three-month 10⅜-10¾ per cent.; six-month 11-11½ per cent.; one year 11-11½ per cent.

Longer-term Eurodollar deposits: two years 7½-7¾ per cent.; three years 7⅞-8⅛ per cent.; four years 8¼-8½ per cent.; five years 8¼-8½ per cent.

The following nominal rates were quoted for London dollar certificates on deposits: one-month 5¼-5⅜ per cent.; three-month 5½-5[9/16] per cent.; six-month 5[13/16]-5[15/16] per cent.; one year 6¼-6⅜ per cent.

*Rates are nominal closing rates.

†Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

GOLD MARKET

	Sept. 7	Sept. 6
Gold Bullion (a fine ounce)		
Close	$110-111	$114½-4½
Opening	$113¼-114¼	$108-109
Morning fix'g	$113.00 (£63.770)	$112.05 (£63.178)
Afternoon fix'g	$110.75 (£62.514)	$113.65 (£64.100)
Gold Coins domestically		
Krugerrand	$113¾-115¾ (£64¼-65¼)	$118-120 (£66½-67½)
NewSov'r'gns	$40-42 (£22¾-23¾)	$41½-43½ (£23¼-24½)
Old Sov'r'gns	$36¼-38½ (£20¾-21¾)	$36½-38½ (£20½-21½)
Gold Coins (Internat'nally)		
Krugerrand	$113¾-115¾ (£64¼-65¼)	$118½-1[illegible] (£67-68)
NewSov'r'gns	$39¾-41¾ (£22½-23½)	$41½-43½ (£23¼-24½)
OldSov'r'gns	$35½-37½ (£20-21)	$37½-39½ (£21¼-22½)
$20 Eagles	$181-184	$184-187
$10 Eagles	$96-99	$97-100
$5 Eagles	$63-66	$66-69

FOREIGN EXCHANGES

Sept. 7 1976	Bank Rates %	Day's Spread
New York	5½	1.7705-1.7725
Montreal	8½	1.7285-1.7330
Amsterdam	7	4.65¾-4.67½
Brussels	9	68.70-68.90
Copenhagen	8½	10.73-10.75½
Frankfurt	3½	4.46-4.48
Lisbon	9½	55.05-55.35
Madrid	7	120.25-120.55
Milan	12	1,488-1,491
Oslo	5	9.71-9.76
Paris	9½	8.70¾-8.74
Stockholm	6	7.73-7.68
Tokyo	6½	508-515
Vienna	4	31.55-31.85
Zurich	2	4.38½-4.40½

*Basic discount. †Rates given for convertible franc: financial franc 78.60-78.80.

OTHER MARKETS

FORWARD RATES

Indices

NEW YORK—DOW JONES

	Sept. 7	Sept. 3	Sept. 2	Sept. 1	Aug. 31	Aug. 30	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	996.59	989.11	984.75	985.95	973.74	969.92	1011.21 (12/7)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
HomeB'nds*	88.71	88.44	88.55	88.54	88.54	88.54	88.71 (7/9)	86.68 (15/7)	—	—
Transport	220.28	220.40	219.91	220.40	218.04	216.73	231.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	95.35	94.52	93.59	93.43	92.95	92.41	96.35 (7/9)	84.8 (26/5)	163.32 (20/4/65)	10.58 (28/4/42)
Trading vol. 000's	16,310	13,290	19,320	18,640	15,488	11,140	—	—	—	—

* Basis of index changed from July 1.

	Sept. 3	Aug. 27	Aug. 20	Year ago (approx.)
Ind. div. yield %	3.88	3.97	3.91	4.56

STANDARDS AND POORS

	Sept. 7	Sept. 3	Sept. 2	Sept. 1	Aug. 31	Aug. 30	1976 High	1976 Low	Since compil'n High	Since compil'n Low
*Industrials	117.59	116.75	116.55	116.50	115.16	114.26	119.02 (14/7)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	105.03	104.30	103.92	104.06	102.91	102.07	105.95 (14/7)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Sept. 1	Aug. 25	Aug. 18	Year ago (approx.)
Ind. div. yield %	3.49	3.56	3.47	4.01
Ind. P/E Ratio	11.80	12.51	12.83	10.57
Long Govt. Bond yield	6.29	5.32	6.34	5.63

N.Y.S.E. ALL COMMON

Sept. 7	Sept. 3	Sept. 2	Sept. 1	1976 High	1976 Low
56.04	56.65	55.45	55.50	56.54 (12/7/76)	37.06 (2/1/75)

Rises and Falls	Sept. 7
Issues Traded—1860	Up 925
Down 491	Same 444
New Highs 99	New Lows 5

MONTREAL / TORONTO / JOHANNESBURG

	Sept. 7	Sept. 3	Sept. 2	Sept. 1	1976 High	1976 Low
MONTREAL Industrial	191.86	190.69	190.44	189.91	207.65 (19/3)	176.62 (2/1)
MONTREAL Combined	190.06	189.10	188.92	188.05	199.78 (20/5)	175.67 (2/1)
TORONTO Industrial	189.14	188.08	187.96	187.27	197.45 (20/2)	175.01 (2/1)
JOHANNESBURG Gold	135.9	127.9	131.5	124.5	226.7 (12/3)	115.5 (25/8)
JOHANNESBURG Industrials	181.5	180.2	181.2	180.7	216.8 (21/5)	177.1 (30/8)

	Sept. 7	Previous	1976 High	1976 Low
Australia (a)	499.64	502.29	522.63 (19/6)	445.42 (2/1)
Belgium (b)	95.31	95.79	112.18 (5/2)	95.31 (7/9)
Denmark (d)	106.11	106.62	117.70 (19/8)	[illegible] (10/5)
France (e)	61.5	61.1	74.3 (5/3)	60.8 (2/9)
Germany (f)	747.1	744.5	821.7 (17/5)	723.6 (9/2)
Holland (g)	87.7	88.8	105.2 (5/2)	84.3 (27/8)
Hongkong (h)	428.36	428.45	465.30 (17/5)	364.63 (2/1)
Italy (k)	81.56	81.34	91.57 (25/2)	72.20 (4/5)
Japan (m)	354.35	356.66	359.61 (1/9)	326.22 (5/1)
Singapore (n)	274.01	271.62	286.16 (5/3)	236.35 (2/1)
Spain (p)	79.68	79.82	100.79 (7/5)	79.22 (5/9)
Sweden (q)	425.57	426.20	476.96 (13/6)	395.62 (14/1)
Switz'rl'd (r)	274.4	272.5	298.6 (12/5)	272.5 (6/9)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966 (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58 (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—109¾% (108½%).

NEW YORK

CANADA

GERMANY ♦

Sept. 7	Prices Dm.	+ or −	Div. %	Yld. %
A.E.G.	88	0.5	-	-
Allianz Versich	427	+2	18.75	2.0
B.M.W.	220.5	−0.5	18	4.1
B.A.S.F.	159.8	−0.3	14	4.4
Bayer	142.1	+0.1	17	6.0
Bayer Hypo	281	+1	20	3.6
Bayer Vereinsbk.	294	.....	20	3.0

MILAN

Sept. 7	Price Lire	+ or −	Div. Lire	Yld. %
Alitalia Priv.	650	+20	-	
ANIC	535.5	+2.5	-	
Ausonia Fin	3,450	−25	120	3.8
Bastogi	1,068	+25	—	
Breda	2,589	+4	165	6.3
Burgo	9,150	60	-	
Cantoni	6,490	150		
CIGA	2,010	+80		

AUSTRALIA

Sept. 7	Aust. $	+ or −
ACMIL	†0.80	−0.05
Acrow Australia	†0.68	+0.03
Adelaide Brighton Cement $1	†1.26	.....
Allied Mntg.Trdg.Indus.$1	†1.64	+0.11
Ampol Exploration	†1.20	.....
Ampol Petroleum	†0.70	.....
Assoc. Minerals	†3.25	.....
Assoc. Pulp Paper $1	†0.90	.....
Aust. Con. Industries	†1.72	.....

JOHANNESBURG

BRUSSELS/LUXEMBOURG

PARIS

AMSTERDAM

SWITZERLAND ●

TOKYO ¶

SPAIN ♥

STOCKHOLM

COPENHAGEN

OSLO

VIENNA

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

FARMING AND RAW MATERIALS

Drought will cut farm incomes by 30-40% says NFU chief

BY PETER BULLEN

[FA]RM INCOMES will be cut by [30]-40 per cent. in England [and] Wales this year because of [the] drought, Professor Asher [Wi]negarten, deputy director [gen]eral of the National Farmers' [Un]ion, said yesterday.

[H]e said in Carmarthen a [sur]vey by the NFU on the [eco]nomic situation, and the [fo]dder shortage. In particular, [ha]d given the first real picture [of] the magnitude of the produc[tio]n shortfall.

"It looks as if we shall have [los]t about 2m. tons of wheat and [bar]ley, about 2m to 2½m. tons [of] potatoes, 2½m. to 2¾m. tons [of] sugar beet and well over [..]m. gallons of milk.

"Farmers will have to buy [ab]out 3½m. tons more concen[tra]ted feed, causing a huge [inc]rease in expenditure this [win]ter, and dairy and livestock [pr]oducers will also have to buy [lar]ge amounts of hay and straw," [he] said.

The net effect of the crop losses would be a drop of £300m. to £400m. in farm incomes, or an average cut of 30 to 40 per cent. But there would be enormous variation from farm to farm, depending on the type of production and the effect of the drought in the areas concerned.

The survey had shown that there was a national problem which demanded national measures to avert a disaster this winter.

Britain could not afford to be the only country in the EEC which failed to act immediately to help farmers and growers overcome the worst drought of the century.

"Failure to act now could well threaten the prospects of increased output for the rest of the decade, and the mood in farming would once again become one of retrenchment."

Professor Winegarten called for a devaluation of the "Green Pound," the artifically over-valued level of which meant home producers having to compete against import subsidies of 25 per cent. on some foods.

"Exporters would raise an outcry if their goods were subject to what is tantamount to a tax, yet home food producers, who are making at least as important a contribution towards the balance of payments, have to compete against these huge import subsidies."

Even a 20 per cent. devaluation of the "Green Pound" would increase food prices by only about 5 per cent. although farmers would not expect the whole gap to be closed at once. The overall level of retail prices would rise by little more than 1 per cent., which compared with the 40 per cent. rise in food prices in 1973 and 1974 due to internal an dexternal factors.

Worst harvest since 1970

AGRICULTURAL merchants estimated yesterday that the 1976 U.K. harvest would be the worst for — years.

The total for all grains would only just exceed 13¼m. tonnes—about ¼m. tonnes less than last year's poor crop—said Mr. Pryor Kelway, president of the British Association of Grain, Seed, Feed and Agricultural Merchants (BASAM).

Taking into account increased demand for feedingstuffs, the U.K. could need to import an extra £80m. worth of cereals at current sterling values. The position could be even worse if we had a severe winter

Mr. Kelway told the association's annual harvest luncheon in London that because of the disastrous effects of the drought never in a lifetime had merchants seen so much small grain with extremely thin samples from the lighter soils.

Because of the 20 per cent. rise in the area sown, the wheat crop would be slightly larger than last year at just under 5m tonnes. But for barley, with a combination of poor yields and smaller area planted, they could see only a little under 7½m. tonnes—nearly 1m. tonnes less than the year before.

"We must be thankful for some advantage from this summer with its very quick harvest, resulting in savings in time and money, with little wear and tear on farm machinery However, this is small consolation when compared with the financial losses of farming overall."

Mr. Kelway warned that every day which passed without rain would increase the uncertainty about the success of autumn cereal sowings for next year's crop.

On top of this some merchants were short of certified seed of particular varieties. The trade was considering applying to the Government to obtain a special derogation of the EEC's strict conditions on multiplying cereal seed in order to obtain sufficient supplies of winter barley seed.

U.S. grain estimates lowered

BY OUR COMMODITIES STAFF

[M]AIZE, SOYABEAN and wheat [pri]ces shot up on U.S. markets [soo]n after they opened yesterda[y] following the lower harvest [est]imates published by Conrad [Le]slie, the U.S. private crop [for]ecaster.

The speculative buying in[ter]est was whipped up by [Le]slie's estimate that put the [co]rn (maize) crop at 5.9bn. [bu]shels. His estimate last [m]onth was 6.3bn. and the U.S. Department of Agriculture's estimate is 6.1bn. However, it still indicates a record maize crop above last year's peak of 5.7bn. bushels.

His forecast of the soyabean crop of 1.2bn. was also below his previous figure of 1.32bn. and the USDA's 1.34bn. Last year the crop reached 1.522bn. bushels and in 1973 a record 1.54bn. was harvested.

Leslie said the condition of the U.S. maize crop was continuing to decline because of dry weather. A lower final production figure would not be a surprise.

More rains and a later-than-normal frost could make a decided contribution to bringing the soyabean crop along the Mississippi River up to its remaining potential.

August weather had resulted in a decline in the production outlook for every major maize belt state except Ohio and Wisconsin. Above normal temperatures followed by below normal temperatures resulted in development of a larger number of small-sized ears.

The estimated average yield is 82.9 bushels per acre, down from 85.7 estimated last month, last season's 86.2, and the 1972 record 97.1 bushels per acre.

The report estimated the average yield of soyabeans at 25.2 bushels per acre, compared with 27.2 last month, and last season's record 28.4 bushels.

Earlier Reuter reported from Chicago that Mr. Leslie had said a 215m.-tonne Soviet grain crop this year would not necessarily delay shipment, or cause cancellation of completed U.S. contracts or delay additional grain purchases until next spring.

French maize crop hit

BY OUR COMMODITIES STAFF

[M]AIZE PRODUCTION in France—the biggest European producer—is expected to be sharply [do]wn this year as a result of [th]e drought it was claimed yesterday.

Reuter reported from Paris [th]at M. Marcel Cazale, president [of] the French Maize Producers' [As]sociation, predicted that the [m]aize crop in 1976-77 would fall [to] as low as 5.6m. tonnes com[pa]red with last year's disappoint[in]g crop of 8.3m. tonnes and the [19]74-75 outturn of 8.7m. tonnes.

M. Cazale said this season [..]3m. hectares were sown with [m]aize. Only 1.4m. will be harvested, with returns of 3.5 to 4 tonnes a hectare, representing a loss of more than 30 per cent. compared with an average year.

M. Cazale said that last season 1.96m. hectares were harvested from 2.06m. sown.

Domestic consumption is expected to rise this season to 5.6m. tonnes (5.1m. in 1975-76 and 4.3m. in 1974-75), including 950,000 tonnes to industry and 4.5m. for livestock.

As a result it is anticipated France will lose Frs.2.86bn. in last exports and will also need to import 1.7m. tonnes costing an extra Frs.1.4bn.

COBALT SALE CANCELLED

THE GENERAL Services Administration said it had cancelled its offering of 500,000 pounds of cobalt. Because of the new stockpile policy there would be no further offerings of cobalt in the immediate future.

Advance in copper values

By John Edwards, Commodities Editor

Copper prices advanced strongly on the London Metal Exchange yesterday with cash wirebars closing £18.5 up at £865.5 a tonne.

The rise reflected generally more "bullish" sentiment in anticipation of more U.S. buying interest following the Labor Day holiday, as has happened in previous years.

A firmer than expected opening on the New York copper market helped confirm the upward trend on a market which had been somewhat oversold.

In this mood more attention was paid to the rise in silver, and the grain markets, than the fall in gold. Nervousness about sterling also encouraged buying interest.

Lead values moved up on reports of Russian buying interest and rumours of a possible further U.S. producer domestic price rise. Cash lead closed £5 up at £281.5 a tonne.

Tin prices were boosted by a rise in the Penang market overnight, and the trend in other metals. The cash quotation gained £53.5 to £4,562 a tonne despite pressure from newly arrived shipments from the East.

Sharp rise in coffee market

By Our Commodities Staff

COFFEE PRICES jumped sharply on the London Robusta futures market yesterday, moving close to the all-time peak reached at the end of June. The November position moved from a low of £1,565 a tonne to close £43 up at £1,598.5, after trading at £1,601 earlier.

There was no specific reason cited for the sudden rise, apart from market rumours of Argentine cold weather renewing Brazilian frost fears. At the same time the New York market, re-opening after the Labor Day holiday, quickly rose the permissible 3 cents a lb. limit up.

World sugar futures rallied yesterday, although the London daily price for raw sugar was unchanged at £118 a ton—the lowest level for 32 months.

But on the futures market nearby months continued to move up, narrowing the differential with distant positions, as a result of traders carrying forward previous sales to a later date. The December position on the futures market was nearly £7 up on the previous at £141.675 a ton.

FINNISH AGRICULTURE

Keeping a close eye on British affairs

BY MARY CHERRY

FINNISH FARMERS have always shown a keen interest in British affairs, but at present their interest is abnormally acute. They are not so much interested in the effect of drought on British crops or the state of the dairy industry, but whether there were signs of the building industry becoming really active again soon.

The reason is that farmers in Finland expect to get about a third of their income, on average, from their own area of forest. In a normal year wood products make up about 50 per cent. of Finland's exports. Some 75 per cent. of cuttings come from privately-owned forests and a high proportion of these are attached to farms.

Reactions

An average Finnish farmer will have anything from two to 25 hectares of cultivatable land and an average 40 hectares of forest from which he will have timber to sell about every other year. So when the British building industry slumps, as it did in 1975, one of the chain reactions ends in the pocket of the small Finnish farmer.

The amount sold from Finnish private forests fell 40 per cent. in 1975. Since this was accompanied by a fall in prices many farmers found their income from timber sales down as much as 50 per cent.

Now the situation is improving again, but the boom time of 1973 is a nostalgic dream.

The setback in forestry fortunes coincided with many other problems for the agricultural sector. Some of these are by no means resolved. Finland h surpluses of wheat, feed grain: (oats and barley), cheese, butter and eggs which are the inevitable result of a government policy of high producer prices without controls on production.

The 1975 level of grain carryover stocks was unprecedented at 400,000 tons, including 200,000 tons of wheat. In 1976, judging from the acreage figures and the apparently bumper crops that I saw through southern Finland, the situation may be aggravated.

But this year is a very late year for Finnish cereal growers. In sharp contrast to the southern half of England Finland had a cool and unusually wet July and early August. Unless there is good weather for the late harvest hopes (and fears!) for heavy crops will not be realised.

Disposal of surplus grain presents particular problems because the high support price makes Finnish grain non-competitive on the world market unless heavily subsidised. Meanwhile, Finland's storage facilities are severely stretched.

The Government has tried various measures to encourage a reduction in production, but without success. At the end of the 1960s a "land bank" policy was introduced. Farmers were paid to take land out of cultivation. But public opinion was vociferously against this idea and it ended in 1974.

In 1970 there was a slaughter premium policy aimed at reducing dairy product surpluses. For the past three years there has been a pension-linked farm amalgamation scheme in operation.

This year the Finnish Government has taken a sharp about turn in its attitude to encouraging the use of fertilisers. From July 1, not only did it remove the existing 19 per cent. fertiliser subsidy, but it also slapped on a tax of 5 pennia per kilogram (about 7 per cent.).

While the continuing policy of high support prices has undoubtedly been the potent factor bringing about the surpluses, it has not been the only influence.

In 1959 temporary grassland occupied 53.5 per cent. of the cultivated area of the country. Since then it has shrunk steadily so that in 1976 it is down to only 39.5 per cent. The lost grassland is now growing grain. The transfer has taken place partly because of attractive grain prices but also because of disenchantment at having to milk cows twice a day.

Reduction

But, owing to intensified use of grass and improved milk yields per cow the reduction in grassland has by no means resulted in a proportionate reduction in milk production. Despite a slight fall in production and a rise in the already high consumption of milk (to 292 kilos of fluid milk and 246 kilos of butter milk per head per year) the surplus is mounting. The export of dairy products—and the others that are in surplus—is of increasing importance.

Becoming "a third country" in EEC terms was traumatic for Finland in the initial stages but successful trade agreements with EFTA countries are working well. Norway, for example, is buying wheat and Switzerland eggs and butter.

By far the biggest purchaser, though, is the Soviet Union, which takes nearly two-thirds of all Finland's agricultural exports under a five-year agreement. There are also free trade agreements with some of the small East European countries.

By these various means Finland has been able to get over "the EEC shock."

Decline in U.K. wool production

THE U.K. wool clip fell slightly in the 12 months to April 1976, after five years of steadily increasing production, according to the British Wool Marketing Board annual report yesterday. Wool output suffered most in Devon and Cornwall, where there was a decline of over 8 per cent. However this was offset by increases in Northern Ireland and Scotland, so the total clip was only 0.9 per cent. down at 76.3m. lb. (34.6m. kilos).

However the Board report points out that the average price of British wools sold at auctions was 50 per cent. above the level of the previous year at 31.4p a pound. This reflected the much improved demand for wool, especially of the crossbred type produced in Britain.

Unsold stocks of 7.36m. lbs held on April 30 were subsequently sold well above the guarantee price of 31p a pound and the Board estimates there will be a final surplus of £1.1m. on the 1975 clip.

Exports of U.K. produced wool rose by over 27 per cent. to 57.3m. lbs greasy equivalent earning £17.5m.

Meanwhile Reuter reported from Melbourne that some build-up of wooltop, yarn and fabric stocks has occurred in Japan recently despite improving production at all stages of the pipeline, the Australian Wool Corporation said in its August report.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher on the London Metal Exchange with sentiment encouraged by the early performance of silver and a better than anticipated opening on Comex in the afternoon. Forward metal opened at [..]8 and traded up to £885.5 in the first [illegible]

The price closed at £897.5 on the Kerb. Turnover: 17,425 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £853.5, 855, three months £881, 82, 81, 83, 82, 83, 84, 85, 84, 83.5, 84, 84.5. Cathodes three months £873, 72, 72.5. Kerbs: three months £885, 5.5 to 5, 7.5, 8. Afternoon: Wirebars cash £862, three months £885, [illegible]

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	4564-5	+47	4560-5	+53.5
3 months	4655-70	+58	4665-70	+69.5
Settlement	4565	+45	—	......
Standard				
Cash	4564-5	+47	4560-5	+55.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LEAD, ZINC, SILVER, COCOA, COFFEE, FREIGHTS, RUBBER, SOYABEAN MEAL, GRAINS, SUGAR, WOOL FUTURES, MEAT/VEGETABLES, JUTE, COTTON, PALM OIL reports and price tables: [illegible]

COFFEE

Robusta futures advanced on good mixed buying and short-covering. Near Sept. moved to an all-time high of £1,628 per tonne. Profit-taking caused occasional reactions but the market closed steady.

[illegible]

Maize—No. 3 Yellow American/French option Sept. £77.00 transhipment East Coast.

Barley—EEC Feed/Canadian Sept. £76.25 transhipment East Coast.

EEC IMPORT LEVIES—effective for September 8 (in order current levy plus Oct., Nov. and Dec. premiums, with previous in brackets). Common wheat: £2.55, [illegible]

MEAT COMMISSION—Average fatstock prices at representative markets on September 7: G.B.—Cattle £29.54 per live cwt (+1.91); U.K.—Sheep 46.7p per lb edcw (+4.8); G.B.—Pigs £4.53 per sc.lw (+0.18). England and Wales—Cattle numbers down 5.9 per cent. average price £29.72 (+1.87). sheep numbers up 18.8 per cent. average price [illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	Sept. 6 1976	+ or −	Month ago
Metals			
Aluminium	£567.6		£526.6
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

G. INDEX 01-351 3466

GOLD 1061-111½

U.S. Markets

Stockpile rumours lift copper

NEW YORK, Sept. 7.

COPPER finished strong on speculative buying touching stops on rumours of possible government stockpiling, Bache comments. Silver was firm, following copper. After initial strength gold eased to close slightly higher, following London. Coffee finished limit up on trade buying and reports of a major producer looking to import from the Ivory Coast.

Soyabeans closed limit up on the Leslie crop production report attracting Commission House buying.

Cocoa—Ghana spot 127 (126½). Bahia spot 119½ (119). Sept. 114.70 (114.10), Dec. 111.50 (111.10), March 105.50, May 101.50, July 97.75 nom., Sept. 94.25 nom., Dec. 89.10. Sales: 837.

Coffee—"C" Contract: Sept. 162.50 bid (160.50), Dec. 156.55 bid (153.55), March 148.75 bid, May 147.35 bid, July 146.95-146.90, Sept. 146.35 bid, Dec. unquoted. Sales: 555.

Copper—Sept. 70.30 (68.20), Oct. 70.60 (68.50), Nov. 71.10, Dec. 71.70, Jan. 72.30, March 73.40, May 74.50, July 75.50, Sept. 76.50. Sales: 5,321.

Cotton—No. 2: Oct. 75.90 bid (73.90), Dec. 75.82 bid (73.82), March 76.45 bid, May 76.55, July 76.20-76.25, Oct. 70.10, Dec. 67.15-67.20. Sales: 4,250.

φGold—Sept. 111.10 (107.40), Oct. 111.30 (107.60), Nov. 111.50, Dec. 111.80, Feb. 112.30, April 113.00, June 113.80, Aug. 114.60, Oct. 115.40, Dec. 116.20.

Greasewool—Spot 182.5 nom. (same), Oct. 175.0-182.0 (177.0), Dec. 175.0-182.0 (180.0), March 175.0-187.0, May unquoted.

†Lard—Chicago loose 20.00 nom. NY prime steam 21.50 asked (21.00).

††Maize—Sept. 300½ bid (291½), Dec. 300¼ bid (290½), March 305½ bid, May 313¼, July 314½, Sept. 305½-306.

‡Platinum—Oct. 161.00 (156.30), Jan. 164.50 (160.40), April 167.20, July 171.00, Oct. 173.50, Jan. 175.50. Sales: 678.

‡‡Silver—Spot 440.00 (425.00), Sept. 441.60 (426.50), Oct. 442.60 (428.00), Nov. 444.80, Dec. 447.00, Jan. 448.90, March 453.20, May 457.60, July 462.40, Sept. 467.10, Dec. 474.60, Jan. 476.90.

*Soyabeans—Sept. 730 bid (710), Nov. 738½ bid (718½), Jan. 745 bid, March 749½ bid, May 751 bid, July 749½ bid.

bSoyabean Meal—Sept. 211.00-211.50 (199.00), Oct. 210.50 bid (200.50), Dec. 212.30 bid, Jan. 213.30 bid, March 214.00 bid, May 214.30 bid, July 214.50 bid.

Soyabean Oil—Sept. 24.55 (23.20), Oct. 24.33 bid (23.33), Dec. 24.48 bid, Jan. 24.45 bid, March 24.50 bid, May 24.50 bid, July 24.50 bid.

Sugar—No. 11: Spot 8.50 (same). Oct. 8.81-8.76 (8.50), Jan. 9.62 nom. (9.41 nom.), March 10.12-10.07, May 10.45-10.40, July 10.54-10.51, Sept. 10.65-10.60, Oct. 10.64, Jan. unquoted. Sales: 3,754.

**Wheat—Sept. 330½ (319½), Dec. 341-342 (331½), March 353-353½, May 360-359, July 364.

Tin—369.75-375.00 asked (364.75-369.00 asked).

WINNIPEG, Sept. 7. ††Rye—Oct. 281 (271), Nov. 281 bid (270½ asked), Dec. 280, May 112 bid.

cOats—Oct. 132½ bid (132), Dec. 135 bid (131½ asked), May 86.00 bid.

§Barley—Oct. 199 (197), Dec. 202½ bid (200½ asked), May 96.20 asked.

dFlaxseed—Oct. 745 bid (735 bid), Nov. 751 asked (744 bid), Dec. 756 bid, May 306.00 bid.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 407½ (400½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. φ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡‡Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 34-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

STOCK EXCHANGE REPORT

Technical rise in equities but gold shares react

Share index 5.6 higher at 357.6—Short gilts harden afresh

Account Dealing Dates

Option * First Dealings	Declarations	Last Dealings	Account Day
Aug. 23	Sep. 2	Sep. 3	Sep. 14
Sep. 6	Sep. 16	Sep. 17	Sep. 28
Sep. 20	Sep. 30	Oct. 1	Oct. 12

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Hopes that the threatened industrial action by the National Union of Seamen to support their pay demands will be of a limited nature prompted a rally in equity markets yesterday. The rise, however, was mainly technical and there was only a limited demand. By way of contrast, the recent recovery movement in Gold mining issues came to a halt following a reaction of $4.50 to $110.50 per ounce in the bullion price. Little selling occurred, but prices drifted lower and the Gold Mines index closed with a modest fall of 3.6 at 102.7.

The continuing paucity of business in equities was reflected in official markings of 3,955 compared with 3,760 on Monday, the latter being the lowest for about two and a half months. After a slightly easier opening, leading Industrials edged higher until lunch time. Thereafter, business was almost at a standstill, but a further small improvement in the late dealings left prices at the best of the day. A rise of 4.7 at 1 a.m. in the FT 30-share index was held throughout the afternoon and extended to one of 5.6 to 357.6 at the close.

Secondary issues followed in the wake of the leaders, overall firmness being reflected in the 5-2 majority of rises over falls in FT-quoted Industrials and a 1 per cent. improvement in the FT-Actuaries All-Share index to 146.36. Features were rather sparse, but bid situations and companies making trading statements provided a few noteworthy movements.

Short gilts improve

News of the narrow vote by the National Union of Seamen in favour of industrial action to support their pay demands had little lasting impact on British Funds yesterday. After a cautious start, short-dated issues encountered a modest demand which left prices a fraction harder at the close. Once again, mediums and longs were noteworthy only for continuing lack of activity. Nevertheless, apart from a little nervousness at the opening, prices held steady throughout the session.

Institutional buying of investment currency gave an uplift to the premium, which touched 110 per cent. before closing a net 1¾ higher at 109¾ per cent. Yesterday's SE conversion factor was 0.6988 (0.7054).

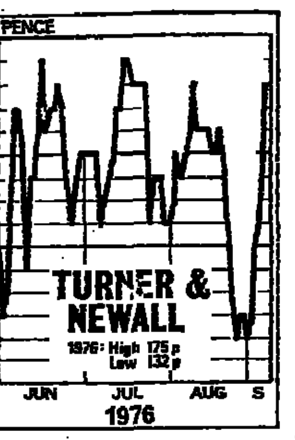
Bk. Scotland firm

Home Banks staged a modest technical rally. Midland fared best at 257p, up 7, while Barclays put on 4 to 247p and Lloyds and National Westminster were both 2 dearer at 207p and 217p respectively. Bank of Scotland did well, touching 250p before closing 9 up on the day at 248p. Merchant Banks were firmer in places with Slater Walker Securities, at 17p, retrieving the previous day's penny fall. Arbuthnot Latham, on the other hand, were friendless at 125p, down 10.

Slightly more interest was shown for Insurance Composites which closed better for choice. In front of their respective interim announcements to-day, Sun Alliance hardened 3 to 383p, Guardian Royal Exchange edged forward a penny to 185p, but Phoenix remained unaltered at 186p, after 188p. "Royals" ended 4 dearer at 288p.

With the exception of Matthew Brown, which gave up 4 to 64p, Breweries and kindred trades generally took a modest step forward. Bass Charrington hardened 2 to 95p as did Distillers, to 123p.

After improving to 132p in front of the interim report, R. Costain closed a net 3 better at 130p following the disclosure of substantially improved first-half profits. Ibstock Johnsen responded to Press comment with a rise of 3 to 79p, while similar gains were seen in Taylor Woodrow, 242p, and Ready Mixed Concrete, 80p; the interim results of the last-named were announced October 1 last year. Timbers had International 3 up at 83p, while Plant-hire issues had Vibroplant 7 higher at 90p.



ICI ended 4 up at 324p, after 319p, while Storey Bros. put on 3 to 62p.

Elect. leaders rise

Leading Electricals encountered small buying interest after a slightly easier opening. Thorn Electrical "A" rose 7 to 212p, while GEC, 134p, after 130p, Plessey, 74p, and EMI, 207p, after 202p, all closed 3 higher. Reyrolle Parsons, awaiting next Tuesday's half-time statement, hardened 2 more to 102p. Marginal mixed movements were the order of the day elsewhere. Henry Wigfall shed 2 to 118p, but BSR, in front of to-day's interim figures, ended a penny firmer at 94p.

Stores closed basically harder after a quiet trade. Marks and Spencer and "Gussies" "A" both finishing a penny firmer at 95p and 176p respectively. James Beattie "A," however, eased 3 to a 1976 "low" of 90p on the first-half profits setback, while among smaller-priced issues Customagic, 11p, and Maple Macowards, 8p, both closed a penny cheaper. Henderson-Kenion edged up a penny to 44p on further consideration of the chairman's statement at the annual meeting, while the chairman's remarks on current trading lifted Courts (Furnishers) "A" 2 to 83p. Allied Retailers were noteworthy for a rise of 3 to 86p. In Shoes, Garnar Scotblair hardened 2 to 69p on the dividend forecast which accompanied the interim figures.

Engineering leaders joined in the day's rally. GKN, with interim results due September 16, improved 4 at 304p, while Hawker were similarly better at 394p. Elsewhere, further buying ahead of next Wednesday's first-half figures helped Babcock and Wilcox firm 2 more to 71p, making a two-day gain of 6. Supported up to 115p in front of the interim results, Blackwood Hodge ran back later despite the encouraging first-half performance to close only a net 2 higher at 109p. J. Saville Gordon touched a 1976 peak of 49p on news of the results and proposed 100 per cent. scrip issue, but then eased to close unchanged on the day at 48p. Press comment on the record profits left Aurora a penny dearer at 54p, while TCK found support at 76p, up 4.

Milling concerns made headway following news that application has been made to the Price Commission for an increase in the price of bread. A.B. Foods hardened 1¼ to 56½p, while fractional improvements were seen in Spillers, 32p, and RHM, 41½p. Manbre and Garton edged up a penny to 164p despite news of a further appeal to Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, by the main sugar users urging her to refer Tate and Lyle's bid to the Monopolies Commission; Tate and Lyle finished 2 harder at 228p. Fitch Lovell closed a penny firmer at 46p following the chairman's annual statement, while Northern Foods, 63½p, and Kinloch, 130p, put on 1½ and 2 respectively. Associated Dairies eased to a 1976 "low" of 170p before closing a net 2 better at 176p.

UKO Intl. rally

Brent Walker stood out in Hotels and Caterers, rising 4 to 51p, while Ladbroke edged up 2 to 91p following publicity given to its new betting supershop.

Showing some initial disappointment with the half-year profits advance, Turner and Newall, better at 142p prior to the news, slipped to 138p, but subsequently improved to 143p for an overall gain of 4. Other miscellaneous Industrial leaders closed with gains to 5 after another thin trade, as in Beecham, 340p. Elsewhere, UKO International, after the recent setback on the Pilkington bid being referred to the Monopolies Commission, recovered 9 to 142p in response to buying on yield considerations. Ozalid rose 6 to 115p and Hestair 4 to 75p, both awaiting interim figures expected shortly. Steetley gained 3 at 134p in front of to-day's first-half announcement, while Hepworth Ceramic, interim due to-morrow, added 1½ to 41½p. BTR closed 2 firmer at 151p, after 153p, and Berwick Timpo 1½ up at 46½p; both have interim announcements due next Wednesday. The advance in dividend and profits lifted Diploma Investments 2 to 52p, while Camrex, 43p, and Horizon Midlands, 31½p, gained about 2 apiece on interim statements. Odex Racasan improved 4 to 116p following the company's further rejection to the Paterson Zochonis bid. Lep Group, on small selling, receded 6 to 108p.

Motors and Distributors spent another quiet session. British Leyland hardened a penny more to 30p despite the continued labour disputes, while Brown Bros. closed fractionally better at 12½p following the interim figures. In Garages, Dutton Foreshaw, interim results due to-morrow, were active and a fraction firmer at 28p, after 28½p.

Thomson Organisation featured Newspapers, rising 10 to 290p on small investment demand. News International moved up 2 to 124p and Associated rose 3 more to 104p. Publishers were notable for an advance of 3 to 46p in A. and C. Black on the substantially higher first-half profits. Jefferson Smurfit, up 6 at 106p, were prominent in Papers where Ault and Wiborg, 20½p, and Delyn, 12p, both closed a penny better. Woodrow Wyatt also finished a penny firmer at 29p in front of to-day's preliminary results.

Incheape advance

Incheape highlighted Overseas Traders with an advance of 15 to 395p in response to the forecast doubled dividend and news of the £24m. acquisition of Bain Dawes, the private Lloyds insurance broking group, from P and O Steam, S. Pearson and Son, and certain other shareholders. P and O Deferred were also in good form, rising 5 to 109p, while S. Pearson put on 2 to 118p. Elsewhere, Gill and Duffus, 163p, and Ocean Wilsons, 129p, improved 3 apiece, but Harrisons and Crosfield receded 12 to 375p and Great Northern were 2 points cheaper at £50. To accompanying talk of an impending "rights" offer, Lonrho followed the previous day's gain of 5 with a fresh rise to 69p before ending unaltered on the day at 67p, the "rights" offer terms and the forecast dividend increase were announced after market hours.

Property leaders continued to move narrowly in slack trading before closing a shade better on balance. Land Securities, 148p, after 146p, MEPC, 67p, and English Property, 44½p, all finished a penny harder. Minor gains also occurred elsewhere, although Peachey, up 3½ the previous day on fresh take-over speculation, closed 1½ easier at 58p following reported denials from the chairman of any bid approach. Land Investors put on a penny more to 85p ahead of tomorrow's annual figures. Imry rallied 3 further to 150p, while United Real Property closed similarly firmer at 175p and Regalian hardened a penny to 5p. Hong Kong Land were also in firm vein, adding 3 at 119p.

In line with the general market trend, the Oil leaders gained ground in further thin trading after an easier start. British Petroleum were finally 5 higher at 588p and Burmah a penny harder at 38p. Shell Transport recorded a net gain of 4 at 402p, after 396p, while Royal Dutch, aided by the firmer investment premium, closed ½ higher at £38⅝, after £38¼. Elsewhere, Berry Wiggins, still benefiting from Press comment, recovered 1½ more to 29½p.

Marked down late on Monday following news of the merchant seamen's plans to invoke industrial action in support of the pay claim, Shippings yesterday shrugged aside these worries and closed with several firm features after a fairly active day's business. Ocean Transport were outstanding, rising 8 to 134p, after 135½p, on the better-than-expected first half profits and encouraging forecast. Awaiting further news of the bid discussions currently taking place with Ben Line Steamers, Sheaf Steam were speculatively supported up to 114p before closing a net 2 harder on the day at 110p. Demand, also of a speculative nature, helped Reardon Smith put on 10 to 210p with the "A" 5 higher at 77p, while Furness Withy were also 5 better at 173p for a similar reason.

Up 5 on Monday following the Board's decision to unitise, Direct Spanish Telegraph hardened a penny more to 50p after Press comment on the move. Elsewhere in quietly firm Investment Trusts, Triplevest Capital improved 3 at 77p and Rothschild gained 4 at 204p. Among Financials, Press speculation about a possible counter-offer to the current 120p per share from a subsidiary of Royco brought about a further improvement of a penny in Lampa Securities at 123p, after 124p. Dalgety returned to favour at 233p, up 5 and Grimshawe gained 2 to 15p.

At the close, Courtaulds sported an improvement of 2 at 117p in Textiles. George Spencer rose a similar amount to 42p awaiting further developments on the bid from Nottingham Manufacturing. In a thin market, John Haggas hardened 5 at 285p, while Carpets International edged forward a penny to 68p in front of to-day's interim results.

Following a fairly busy morning session, business petered out later and the Tobacco leaders closed with modest improvements. News of the group's capital spending plans left BATs 3 up at 238p and the Deferred a penny better at 206p. Imps were also a penny to the good at 74p.

South African Industrials were better where changed. Greatermans "A" were finally 2 up at 175p, after 180p, following the preliminary figures, while Abercom Investments, 156p, and Tiger Oats, 425p, put on 4 and 5 respectively.

Golds turn easier

South African Gold shares turned easier in line with the decline in the bullion price, which was finally $4.30 lower at $110.50 per ounce.

After a firmer opening reflecting a followthrough of Continental buying, share prices receded to the lower morning bullion fixing and, despite the harder investment dollar premium, profit-taking left Golds around the day's lowest levels at the close. The Gold Mines index consequently fell 3.6 to 102.7.

Falls in the heavyweight issues ranged to a point as in West Holdings, £11½, while West Driefontein gave up a half-point to £15. On the other hand, reflecting its uranium potential, Randfontein hardened ½ to £13¼. Elsewhere in Golds, falls of around 75 were registered by Free State Geduld, 925p, President Brand, 750p, and Vaal Reefs, 850p. Among the lower priced stocks, Marievale and "Sallies" both fell around 7 to the common price of 57p.

The lower tone of Golds coupled with the easier premium left its mark on Financials. Anglo American eased 3 to 242p and Gold Fields of South Africa 50 to 850p. In the London-based issues, Gold Fields were 2 off at 143p. Platinums, however, were generally a few pence better in response to Cape interest.

Botswana RST were a feature in Coppers; following Continental buying the shares improved 3 to 30p. Palabora also moved ahead, being 30 up at 675p.

In Australians, Poseidon was suspended at 133p at the company's request following the sharp overnight decline in Melbourne and Sydney markets, where the shares have been delisted pending clarification of the Windarra nickel mine situation.

Elsewhere in Australians, Selcast jumped 8 to 62p on rumours of a copper find in the vicinity of the company's Agnew nickel deposit; London's Selection Trust, Selcast's parent company, advanced 25 to 425p.

FINANCIAL TIMES STOCK INDICES

	Sept. 7	Sept. 6	Sept. 3	Sept. 2	Sept. 1	Aug. 31	A Year ago
Government Secs.	61.82	61.83	61.83	61.84	61.86	61.72	[illegible]
Fixed Interest	61.16	61.16	61.15	61.14	61.25	61.31	[illegible]
Industrial Ordinary	357.6	352.0	353.6	355.8	351.1	350.6	[illegible]
Gold Mines	102.7	106.3	97.6	98.2	95.7	87.2	[illegible]
Ord. Div. Yield	6.24	6.32	6.28	6.24	6.32	6.33	[illegible]
Earnings Y'ld % (full) (a)	18.46	18.71	18.31	18.20	18.43	18.45	[illegible]
P/E Ratio (net) (a) (b)	7.99	7.99	8.09	8.13	8.03	8.02	[illegible]
Dealings marked	3,955	3,760	3,864	4,193	3,972	4,116	[illegible]
Equity turnover £m	—	25.80	39.19	37.66	25.96	28.05	[illegible]
Equity bargains total	—	8,433	9,468	9,440	8,001	8,823	[illegible]

(a) Based on 52 per cent. corporation tax. (b) Nil=7.93.
2 p.m. 356.7. 3 p.m. 354.7.
Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.93.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1)	60.19 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2)	59.75 (2/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5)	350.8 (31/8)	543.6 (14/9/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1)	78.8 (25/8)	442.3 (22/5/75)	42.5 (26/10/71)

S.E. ACTIVITY

	Sept. 7	Sept. 6
Daily—		
Gilt-Edged	146.6	157.5
Industrials	123.2	119.6
Speculative	45.0	[illegible]
Totals	90.0	[illegible]
5-day Av'rge.		
Gilt-Edged	150.1	[illegible]
Industrials	122.6	[illegible]
Speculative	45.7	[illegible]
Totals	89.9	[illegible]

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

No.	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues. Sept. 7 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Mon. Sept. 6 Index No.	Friday Sept. 3 Index No.	Thurs. Sept. 2 Index No.	Wed. Sept. 1 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	133.13	+1.1	18.83	6.91	7.96	7.88	131.73	131.71	132.78	131.03	117.65	160.06	131.03	206.37	50.17
2	Building Materials (30)	120.48	+0.7	17.65	7.75	8.55	8.55	119.61	118.77	119.41	117.80	109.82	150.18	117.80	233.84	44.27
3	Contracting, Construction (23)	175.74	+0.6	23.43	6.28	6.58	6.58	174.94	174.31	175.48	175.25	218.94	260.20	174.31	389.33	71.48
4	Electricals (16)	239.37	+2.3	18.49	5.55	8.08	7.86	233.88	234.90	237.25	232.70	210.90	287.30	232.61	350.04	86.71
5	Engineering (Heavy) (13)	159.63	-1.6	24.58	7.74	6.11	6.01	156.98	154.04	155.84	152.07	145.08	193.18	150.01	202.57	94.46
6	Engineering (General) (64)	125.20	+0.8	18.89	7.22	7.85	7.84	124.26	124.62	125.71	124.30	100.30	149.29	124.26	168.59	45.14
7	Machine and Other Tools (9)	53.42	-0.5	18.11	8.29	8.27	8.25	53.24	53.58	53.70	53.10	39.78	60.62	51.19	136.70	19.96
8	Miscellaneous (24)	119.56	+0.1	15.90	7.39	9.49	9.21	119.45	119.71	120.21	119.36	101.83	141.94	119.36	177.41	49.65
9	CONSUMER GOODS (DURABLE) (53)	113.16	+0.9	19.46	6.10	7.72	7.70	112.17	112.16	113.04	112.52	92.53	141.46	112.12	227.78	38.39
10	Lt. Electronics, Radio TV (15)	121.51	+1.0	18.54	4.78	8.00	7.98	120.34	120.52	121.67	120.76	111.79	160.35	120.12	257.41	42.55
11	Household Goods (13)	143.19	+0.3	20.26	8.35	7.52	7.49	142.78	142.23	142.30	142.60	136.70	187.22	142.23	263.22	63.92
12	Motors and Distributors (25)	74.16	+1.0	20.46	7.18	7.43	7.40	73.46	73.39	73.96	73.40	46.69	85.16	70.05	170.59	19.91
13	CONSUMER GOODS (NON-DURABLE) (169)	135.49	+0.9	16.23	7.07	9.32	9.23	134.29	134.09	135.07	133.64	130.60	162.24	132.99	226.08	61.41
14	Breweries (15)	152.26	+0.9	15.50	7.48	9.66	9.66	150.89	150.75	153.01	150.46	148.03	179.43	147.69	281.87	69.47
15	Wines and Spirits (7)	151.96	+1.6	15.58	7.21	9.86	9.86	149.61	146.88	149.54	147.31	132.12	190.67	144.44	257.40	78.71
16	Entertainment, Catering (14)	162.45	-1.3	15.37	8.22	10.04	9.95	160.31	160.63	161.81	159.24	148.12	211.26	157.57	329.99	54.87
17	Food Manufacturing (23)	149.50	+0.9	17.94	5.99	8.48	8.42	148.13	148.38	149.09	148.05	141.15	179.44	147.34	211.65	59.79
18	Food Retailing (16)	123.58	+0.2	14.33	6.33	10.16	10.16	123.36	123.38	124.50	124.20	132.47	150.05	123.36	235.08	54.55
19	Newspapers, Publishing (16)	174.01	-2.1	14.08	5.98	10.91	10.91	170.49	169.39	170.10	168.49	129.95	184.34	157.01	250.29	55.08
20	Packaging and Paper (12)	93.68	+1.3	17.17	8.11	8.95	8.95	92.50	92.49	92.48	91.48	85.60	112.50	91.16	135.69	43.46
21	Stores (34)	110.14	-0.1	13.86	6.36	11.11	11.09	109.99	110.13	110.73	110.16	112.69	136.24	109.50	204.39	52.63
22	Textiles (23)	134.66	+1.9	13.65	8.55	11.08	9.78	132.12	132.51	132.89	131.09	139.01	183.19	130.88	253.72	62.66
23	Tobaccos (3)	206.06	+1.3	21.26	8.38	7.00	7.00	203.44	201.91	203.30	199.44	189.51	241.89	199.44	339.16	94.34
24	Toys and Games (6)	71.72	+0.6	21.05	8.35	6.37	6.34	71.29	70.77	71.12	70.31	61.10	80.95	59.13	135.72	20.92
	OTHER GROUPS (95)															
25	Chemicals (26)	193.80	+1.2	15.68	5.88	8.67	8.67	191.52	192.61	195.28	193.08	169.47	231.38	191.52	231.38	71.20
26	Office Equipment (9)	82.05	+1.3	14.67	6.42	9.96	9.96	80.98	81.65	82.12	81.10	81.61	100.18	80.98	246.06	45.34
27	Shipping (12)	378.59	+3.9	13.16	6.81	11.03	10.02	364.16	364.87	364.27	358.99	336.74	432.64	355.52	517.00	90.80
28	Miscellaneous (48)	141.87	+0.9	15.82	8.23	9.45	9.43	140.37	140.56	141.53	140.00	134.68	172.98	139.66	258.83	60.39
29	INDUSTRIAL GROUP (496)	139.42	+1.1	16.81	6.87	8.81	8.73	137.97	138.04	139.17	137.62	128.52	165.38	137.21	220.17	59.01
30	OILS (4)	342.90	+0.9	12.40	4.87	9.33	8.59	339.74	344.31	344.51	335.83	295.87	395.84	328.79	451.66	87.23
31	500 SHARE INDEX	156.08	+1.0	16.09	6.54	8.89	8.71	154.49	154.90	155.97	153.73	142.39	185.00	153.39	227.95	63.49
32	FINANCIAL GROUP (100)	119.02	+0.8	—	6.48	—	—	118.08	118.36	119.17	118.41	125.38	163.46	118.05	241.41	55.88
33	Banks (6)	144.84	+1.7	25.22	6.34	6.65	6.63	142.47	142.13	142.49	141.99	147.65	192.16	137.60	288.32	62.44
34	Discount Houses (10)	138.54	+0.7	—	9.98	—	—	137.52	137.71	138.19	137.62	152.39	186.52	137.52	293.15	81.40
35	Hire Purchase (5)	89.56	—	7.73	7.32	29.56	29.56	89.56	89.26	88.78	87.65	90.17	152.10	85.44	433.72	38.83
36	Insurance (Life) (9)	96.54	+0.1	—	7.45	—	—	96.46	97.59	97.87	97.03	105.81	129.46	95.91	194.46	44.88
37	Insurance (Composite) (7)	96.42	+0.6	—	7.39	—	—	95.86	96.35	97.08	96.27	102.35	119.75	92.05	155.76	43.96
38	Insurance Brokers (9)	219.00	-0.9	12.36	5.33	12.09	12.09	216.99	219.16	219.30	217.50	190.34	276.90	215.56	276.90	65.86
39	Merchant Banks (16)	61.77	+0.1	—	9.06	—	—	61.70	62.15	62.71	62.58	80.98	93.83	61.70	278.57	31.21
40	Property (32)	151.41	+0.3	4.32	3.63	40.79	38.96	150.97	150.28	153.37	152.23	163.42	194.57	144.37	357.40	56.01
41	Miscellaneous (6)	68.90	—	18.60	8.96	8.31	8.31	68.90	69.78	69.97	69.97	63.88	91.98	68.44	303.13	33.29
42	Investment Trusts (50)	139.97	+1.4	3.82	5.40	27.06	27.06	138.03	137.87	138.63	137.56	153.06	184.55	137.57	245.79	71.63
43	ALL-SHARE INDEX (650)	146.36	+1.0	—	6.47	—	—	144.90	146.24	146.24	144.39	138.48	172.64	144.05	228.18	61.92
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	451.27	—	10.27	6.32	14.25	15.04	451.09	452.03	451.98	450.10	406.13	523.40	404.67	555.37	84.68
45	Teas (9)	133.26	—	30.39	9.55	4.57	4.25	133.26	133.55	134.28	133.95	102.01	142.43	117.89	142.43	59.73
46	Coppers (3)	190.23	—	51.95	9.03	1.92	1.92	190.23	185.66	197.20	196.22	375.24	301.47	177.60	567.78	94.08
47	Mining Finance (11)	89.17	-0.6	11.70	6.62	9.62	9.55	88.46	86.94	87.91	85.92	116.81	119.77	83.89	175.90	66.31
48	Tins (7)	101.90	-0.7	15.71	9.85	9.77	9.72	102.62	103.25	103.25	103.25	92.85	119.14	86.09	125.43	54.83
49	Overseas Traders (13)	207.52	-2.1	16.85	4.84	7.97	7.96	203.16	201.27	203.27	202.46	206.66	254.47	200.20	254.47	97.37

No.	FIXED INTEREST	Tuesday Sept. 7 Index No.	Tuesday Sept. 7 Yield %	Monday Sept. 6	Friday Sept. 3	Thurs. Sept. 2	Wed. Sept. 1	Tuesday August 31	Friday August 27	Thurs. August 26	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.14	14.13	14.11	14.11	14.10	14.20	14.18	14.27	13.94	—	—	—	—
2	20-yr. Govt. Stocks (6)	48.10	13.51	48.12	48.14	48.19	48.22	47.96	47.98	47.81	50.81	53.45	47.66	115.42	38.27
3	20-yr Red. Deb. & Loans (15)	48.02	15.35	49.04	49.39	49.39	49.59	49.42	49.56	49.66	47.63	52.40	46.68	113.43	37.01
4	Investment Trust Prefs. (15)	48.40	14.50	48.30	48.65	48.93	48.93	48.93	49.20	49.20	46.24	51.23	45.43	114.41	34.45
5	Coml. and Indl. Prefs. (20)	68.90	15.65	68.76	69.14	69.14	69.10	69.10	69.07	69.07	65.01	71.97	62.76	114.95	47.67

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Engineering (General)	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	[illegible]	All Other	10/4/62	100.00
Toys and Games	16/1/70	[illegible]			
Office Equipment	16/1/70	[illegible]			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.20			
Food Manufacturing	29/12/67	114.13			

† Redemption yield. FT-Actuaries indices are calculated by Exel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer. A list of the constituents of the FT-Actuaries Share indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p. A record of the indices, cost £30, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are included. CONSTITUENT CHANGE: A.D. International (Misc. Unclassified) has been replaced by Borthwick (Thomas) (Food Manufacturing).

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	17	324	+4	402	318
BATs Defd.	25p	15	206	+1	225	200
Shell Transport	25p	12	402	+4	462	378
GKN	£1	10	304	+4	360	266
Incheape	£1	10	395	+15	452	360
Nat. Westminster	£1	10	217	+2	272	201
BP	£1	9	588	+5	685	557
GEC	25p	9	134	+3	168	130
Marks & Spencer	25p	9	95	+1	108	88
P & O Defd.	£1	9	109	+5	119	87
Burmah Oil	£1	8	38	+1	53	30
Distillers	50p	8	123	+2	158	116
HK & Shang. Bk.	$HK2.50	8	320	+5	350	278
Peachey Prop.	25p	8	58	−1½	61	24
Babcock & Wilcox	25p	7	71	+2	91	62

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call Rates

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 1	Sep. 13	Nov. 25	Dec. 7
Sep. 14	Sep. 27	Dec. 9	Dec. 21
Sep. 28	Oct. 11	Dec. 30	Jan. 4

"Calls" were dealt in Lonrho, Berry Wiggins, British Land, Babcock and Wilcox, Tricentrol, EMI, Town and City, Lex Service, Head Wrightson, Newman Industries, Reed and Mallik, and London Brick. "Puts" were done in Turner and Newall. Slater Walker and Reardon Smith 'A,' while "doubles" were arranged in Cons. Gold Fields, Tube Investments, English Card Clothing, Berry Wiggins, and Town and City.

Industrials		E.M.I.	17	Midland Bank	22	Cap. Counties	5
A. Brew	6½	Fitch Lovell	6	Nat'l West Bank	20	E.P.	5
A.P. Cement	15	Gen. Accident	12	"Do" Warrants	7½	Int. Europe	7
Assoc. Leisure	5	Gen. Electric	13	P&O Dfd.	11	Land Securities	14
BSR	9	Glaxo	35	Plessey	7	MEPC	7
Babcock	8	Grand Met.	7	R.H.M.	5	Peachey	6
Barclays Bank	22	G.U.S. 'A'	16	Rank Org. 'A'	18	Samuel Props.	4
Berry Wiggins	5	Guardian	18	Reed Int'l	23	Town & City	2½
Beecham	28	G.K.N.	25	Reyrolle	11		
Boots Drug	12	Hawker Sidd.	35	Rothmans	4	Oils	
Bowater	16	House of Fraser	8	Slater Walker	4	Brit. Petroleum	40
B.A.T.	21	I.C.I.	20	Spillers	4	Burmah Oil	4½
Brit. Leyland	5	"Imps"	7	Tesco	4	Shell	27
BOC Int.	5½	I.C.L.	14	Thorn 'A'	22	Ultramar	14
Brown (J.)	9	Inveresk	7	Trust Houses	9		
Burton 'A'	6½	Legal & General	9	Tube Invest.	27	Mines	
Cadburys	5	Ladbroke	11	Unilever	38	Charter Cons.	15
Cavenham	10	Lex Service	5½	Utd. Drapery	8	Chart'rh'll Fin.	4
Courtaulds	11	Lloyds Bank	22	Vickers	15	Cons Gold	15
Debenhams	8	"Lofs"	4	WilliamsHud'n	4	Hampton Areas	12
Distillers	13	London Brick	4½	Woolworths	6	Lonrho	9
Dunlop	7½	Lucas Inds.	20			Rio T. Zinc	17
Eagle Star	11	"Mams"	7	Property		Western M'ng.	18
		Marks & Spencer	8	Brit. Land	3½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (8)

BRITISH FUNDS (1)
Exchqr. 5pc '76-78
LOANS (Miscel.) (1)
USMC 9pc 1982
FOREIGN BONDS (1)
Ireland 7½pc
BUILDINGS (1)
Brownlee
ENGINEERING (1)
Saville Gordon (J.)
INDUSTRIALS (2)
Hitchison Int. — Unerman
TEXTILES (1)
Spencer (Geo.)

NEW LOWS (46)

BANKS (2)
First National — Hill Samuel
BUILDINGS (8)
Armitage Shanks — Lilley (F. J. C.)
Beaver — Mod. Engineers
Cement Roadstone — Orme Dvlpts.
Erith — Summers (O. C.)
CHEMICALS (1)
Alida Packaging
STORES (6)
Beattie (J.) 'A' — Knott Mill
Burton — Maple Macowards
Customagic — Morris Blakey
ELECTRICALS (1)
Farnell Elec. — Wholesale Fittings
Pye
ENGINEERING (2)
Desoutter — McKechnie Bros.
FOODS (3)
Assoc. Dairies — F.M.C.
Bishop's Stores 'A'
INDUSTRIALS (9)
Extel — Sketchley
Hanson Trust — Stag Furniture
Huntleigh — Stonehill
Newey — Wilkinson Match
Parker Knoll 'A'
INSURANCE (1)
Equity and Law
MOTORS (2)
Kenning Motor — Nelson (David)
PAPERS (2)
Bunzl Pulp — Chapman (Balham)
SHOES (1)
Footwear Invs.
TRUSTS (5)
Alliance Inv. — London & Strathclyde
Glendevon Inv. 'B' — Western Selection
Lond. & Montrose
OVERSEAS TRADERS (1)
Harrisons Crosfield

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	9	1	65
Corpns., Dom. and Foreign Bonds	7	1	56
Industrials	311	127	1,270
Financial and Prop.	173	38	357
Oils	10	2	25
Plantation	4	5	33
Mines	27	38	79
Recent Issues	3	3	31
Totals	544	215	1,896

BASE LENDING RATES

Allied Irish Banks Ltd.	[illegible]
American Express Bank	[illegible]
Anglo-Portuguese Bank	[illegible]
Henry Ansbacher	[illegible]
Banco de Bilbao	[illegible]
Bank of Cyprus	[illegible]
Bank of N.S.W.	[illegible]
Banque du Rhone S.A.	[illegible]
Barclays Bank	[illegible]
Barnett Christie Ltd.	12
Bremar Holdings Ltd.	11½
Brit. Bank of Mid. East	10½
■ Brown Shipley	11
Canada Permanent AFI	10½
Capitol C & C Fin. Ltd.	13
Cayzer. Bowater Co. Ltd.	11
Cedar Holdings	11
■ Charterhouse Japhet	11
C. E. Coates	11½
Consolidated Credits	11
Co-operative Bank	*10½
Corinthian Securities	10½
Credit Lyonnais	10½
G. R. Dawes	11½
Duncan Lawrie	10½
Eagil Trust	10½
English Transcont	11
First London Secs.	10½
■ Antony Gibbs	11
Goode Durrant Trust	11
Greyhound Guaranty	10½
Grindlays Bank	†10½
■ Guinness Mahon	10½
■ Hambros Bank	10½
■ Hill Samuel	§10½
C. Hoare & Co.	*10½
Julian S. Hodge	11½
Hongkong & Shanghai	10½
Industrial Bank of Scot.	10½
Keyser Ullmann	11
Knowsley & Co. Ltd.	12½
Lloyds Bank	10½
London & European	11
London Mercantile	11½
Midland Bank	10½
■ Samuel Montagu	10½
■ Morgan Grenfell	10½
National Westminster	10½
Northern Comm. Trust	11
Norwich General Trust	11
Portman Guaranty	9½
P. S. Refson & Co.	10½
Rossminster Accept'cs.	10½
Schlesinger Limited	11
E. S. Schwab	12
Security Trust Co. Ltd.	12
Shenley Trust	12½
Standard Chartered	10½
Trade Development Bk.	10½
Twentieth Century Bk.	12½
United Bank of Kuwait	10½
Whiteaway Laidlaw	11½
Williams & Glyn's	10½
Yorkshire Bank	10½

■ Members of the Accepting Houses Committee.
* 7-day deposits 8½%, 1-month deposits [illegible].
† 7-day deposits on sums of £10,000 and under 8½%, up to £25,000 7¾% and over £25,000 7½%.
§ Demand deposits 8%.
• Call deposits over £1,000 8½%.

CORAL INDEX
Close 355-360

INSURANCE BASE RATES

† Atlantic Assurance ... 12%
Cannon Assurance ... 9½%
† Address shown under Insurance and Property Bond table.

MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Day-to-day credit was in slightly short supply in the London money market yesterday and the authorities gave a small amount of assistance by buying Treasury bills from the discount houses. Banks carried forward surplus balances from Monday and Government disbursements exceeded revenue payments to the Exchequer. On the other hand, there was a large net market take-up of Treasury bills and an increase in the note circulation.

Discount houses paid 10¼-10⅝ per cent. for secured call loans in the early part and closing balances were taken at 8-9 per cent.

In the interbank market overnight loans ranged between 10 per cent. and 10⅝ per cent.

Short-term fixed period interest rates were generally fairly steady.

Rates in the table below are nominal in some cases.

Sept. 7 1976	Sterling Certificates of deposit	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ф	Bank Bills ф	Fine Trade Bills ф
Overnight	—	10-10⅝	—	—	—	10¼-11	8-10⅝	—	—	—
2 days notice	—	—	10⅝-10½	—	—	—	—	—	—	—
7 days or 7 days notice	—	10⅜-10½	10½-10⅝	—	10⅞-11	—	10⅜-10½	—	—	—
One month	10¾-10⅝	10⅝-11	10½-10¾	11¼-10¾	10⅞-11¼	—	10⅝	10 21/32-10 23/32	10 21/32	11⅝-11½
Two months	11⅛-10⅞	10⅞-11⅛	—	11¼-10⅞	11¼-11⅜	—	10⅝-10⅞	10⅝-10⅞	10⅞-10⅞	11¾-11⅝
Three months	11⅛-11	11⅛-11⅛	11⅛-11¼	11¼-10¾	11⅛-11½	—	10⅞-10⅞	10⅞	11	11¾-11⅝
Six months	11¼-11⅛	11¼-11⅞	11½-11⅞	11½-11	12-12½	—	—	—	11⅝-11⅞	11¾-11⅝
Nine months	12-11⅞	11⅞-12	—	12-11½	12¼-12¾	—	—	—	—	—
One year	12⅛-11⅞	12-12⅛	12⅛-12¼	12¼-11¾	12¼-13	—	—	—	—	—
Two years	—	—	12¾-13⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 12½-12¾ per cent.; four years 12¾-13 per cent.; five years 13¼-14 per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅛-11⅛ per cent.; four-month trade bills 11⅞-11⅞ per cent. Approximate selling rate for one-month Treasury bills 10 19/32-10 9/16 per cent.; two-month 10 23/32-10⅞ per cent.; and three-month 10 39-64ths per cent. Approximate selling rate for one-month bank bills 10⅝-10 9/16 per cent.; two-month 10 11/16-10⅝ per cent. and three-month 10 45/32 per cent.; one-month trade bills 11⅞-11⅞ per cent.; two-month 11⅜-11½ per cent.; also three-months 11⅜-11⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent. from August 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 6½ per cent. Clearing Bank Rates for lending 10½ per cent. Treasury Bills: Average tender rate of discount 10.8796 per cent.

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101$\frac{13}{32}$	99$\frac{9}{16}$	Treasury 10½pc 1976‡‡	99$\frac{13}{16}$	–$\frac{1}{16}$	10.52	10.90
98$\frac{5}{32}$	95$\frac{3}{32}$	Treasury 6¾pc 1977‡‡	97$\frac{15}{32}$	......	6.39	10.97
97¾	94½	Electric 3pc '74-77	97xd	......	3.09	9.12
103$\frac{7}{32}$	92$\frac{9}{16}$	Treasury 11½pc '77‡‡	100$\frac{19}{32}$xd	+$\frac{1}{32}$	11.43	10.92
95⅛	91⅞	Treasury 3pc '77‡‡	94⅛	......	3.19	8.27
95⅝	92¼	Transport 4pc '72-77	94$\frac{13}{32}$	......	4.21	8.21
99$\frac{3}{16}$	90½	Treasury 9pc 1978‡‡	97¼xd	......	9.25	11.05
101½	97	Treasury 10¼pc '78‡‡	99$\frac{5}{32}$	......	10.58	10.94
93¾	89⅝	Exchequer 5pc '76-78‡‡	93¾xd	+$\frac{1}{16}$	5.33	8.39
103$\frac{21}{32}$	97⅞	Treasury 11½pc '79‡‡	100$\frac{15}{32}$xd	+$\frac{1}{32}$	11.45	11.33
88⅞	83⅝	Treasury 3pc '79‡‡	87¾xd	......	3.42	7.61
89⅝	73⅞	Electric 4¼pc '74-79	88$\frac{1}{16}$xd	+$\frac{1}{16}$	4.82	8.75
100$\frac{3}{32}$	94⅞	Treasury 10½pc '79‡‡	96⅞	+$\frac{1}{16}$	10.84	11.67
88¼	83⅝	Electric 3½pc '76-79	86¾	......	4.03	8.30
96$\frac{21}{32}$	90¾	Treasury 9pc 1980‡‡	93$\frac{3}{32}$xd	+$\frac{1}{32}$	9.66	11.65
96½	91¼	Treasury 9½pc '80‡‡	93	+$\frac{1}{32}$	10.21	11.88
86	82¼	Treasury 3½pc '77-80	85⅛	......	4.10	8.07
89½	71	Funding 5¼pc '78-80‡‡	87$\frac{3}{8}$	......	6.01	9.30
103$\frac{3}{16}$	96$\frac{11}{16}$	Treasury 11½pc 1981‡‡	98¾	+$\frac{1}{32}$	11.64	11.84
86	79	Treasury 3¼pc 1979-81	84¾	......	4.13	7.61
95⅝	90⅛	Treasury 9¾pc 1981‡‡	92xd	+$\frac{1}{32}$	10.60	12.10
		Five to Fifteen Years				
94⅛	86	Treasury 8¼pc '80-82‡‡	88¾	......	9.72	11.69

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S.$ & DM prices exclude inv. $ premium.

AMERICANS

S.E. List Premium 42¾% (based on $1.7715 per £)

Conversion factor 0.6866 (0.1054)

مكتامن الأجل

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
710	250	Blyvoor 25	340	–10	Q75c	ϕ	14.3
£14	440	Buffels R1	560	–10	Q125c	ϕ	14.4
198	70	Deelkraal R0.20	92	......	—	—	—
760	125	Doornfontein R1	180	+10	Q55c	ϕ	19.8
965	330	East Drie R1	440	–20	Q75c	1.7	11.0
280	122	Elandsrand Gld. 20c	138	+3	—	—	
190	44	Elsburg R1	70	–4	‡Q33.8c	1.0	‡
£16½	520	Hartebeest R1	708	–25	Q190c	ϕ	19.8
695	260	Kloof Gold R1	350	......	Q47c	ϕ	8.7
760	140	Libanon R1	190	–10	Q80c	ϕ	27.2
740	230	Southvaal 50c	280	–10	Q3c	1.3	1.8
245	92	Stilfontein 50c	125	......	‡Q36c	2.2	‡
925	700	Vaal Reefs 50c	850	–75	‡Q175c	2.1	‡
420	48	Venterspost R1	95	+3	‡Q70c	1.9	‡
£35	£11¼	W. Drie R1	£15	–½	Q335c	ϕ	14.5
315	68	Western Areas R1	115	–5	‡Q52c	1.4	‡
£15¼	480	Western Deep R2	620	......	‡Q20¼c	1.6	‡
290	100	Zandpan R1	130	–2	Q31¼c	ϕ	15.6

O.F.S.

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
170	60	Free State Dev. 50c	70	......	Q9c	0.6	0.4
£22½	715	F.S. Geduld 50c	925	–75	‡Q330c	1.3	‡
200	50	F.S. Saaiplaas R1	70	–2	26c	C	5.5
465	170	Harmony 50c	245	–5	Q65c	ϕ	17.2
195	38	Loraine R1	64	–4	Q6c	0.5	6.1
£18½	675	Pres. Brand 50c	750	–75	‡Q250c	1.3	‡
£13	395	Pres. Steyn 50c	455	–25	‡Q125c	2.2	‡
£23½	750	St. Helena R1	862	–38	‡Q250c	1.2	‡
174	70	Unisel	92	–2	—	—	—
330	140	Welkom 50c	200	......	‡Q55c	1.7	‡
£25½	950	W. Holdings 50c	£11½	–1	‡Q475c	1.2	‡

FINANCE

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
535	315	Ang. Am. Coal 50c	415	+8	MQ78c	2.6	5.9
375	185	Ang. Amer. 10c	242	–3	Q33c	1.9	8.8
£28¾	£10½	Ang. Am. Gold R1	£12¾	......	‡Q380c	1.3	‡
£13¼	850	Ang-Vaal 50c	900	......	Q105c	ϕ	7.7
199	118	Charter Cons.	127	–1	6.76	2.4	8.2
220	128	Cons. Gold Fields	143	–2	g7.37	4.3	7.9
23½	13	East Rand Con. 10p	15	......	1.0	ϕ	10.3
330	150	Geduld Inv. R1	200	......	Q40c	1.5	12.9
£25	£12¾	Gen. Mining R2	£14½	–¼	Q210c	2.1	9.6
850	675	Gold Fields S.A. 25c	850	–50	Q155c	ϕ	11.8
£24	£11½	Jo'burg Cons. R2	£14½xd	......	Q170c	ϕ	7.6
280	200	Middle Wit 25c	230	+10	Q35c	ϕ	7.9
250	158	Minorco SBD1.40	205	......	Q2c	ϕ	0.6
160	56	New Wit 50c	70	–2	Q18c	ϕ	16.6
£12¾	770	Patino NV Fls.5	£11⅞	......	QC65c	0.8	3.3
810	310	Rand Selection 50c	360	......	‡Q75c	1.5	‡
543	385	Selection Trust	425	+25	15.2	1.5	5.5
230	98	Sentrust 10c	128	–7	Q30c	ϕ	15.2
66	40	Silvermines 2½p	43	......	Q4.61	1.6	21.1
175	95	SW Africa 20p	175	......	†17.87	2.0	15.7
£12½	700	T'vaal Cons. Ld. R1	950	–25	Q65c	2.0	4.4
310	110	U.C. Invest R1	130	......	‡Q36c	1.0	‡
465	175	Union Corpn. 6.25c	215	+5	†Q36c	1.4	21.1
90	45	Vogels 2½c	75	+5	†Q6½c	1.2	5.6

DIAMOND AND PLATINUM

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
£32½	£17½	Anglo-Am. Inv. 50c	£22	–½	Q244c	1.6	7.4
122	68	Bishopsgate Pt. 10c	93xd	+1	Q8.0c	ϕ	5.6
335	187	De Beers Dl. 5c	214	–4	Q29c	2.2	8.7
£14	850	Do. 40pc Pf. R5	950	......	Q200c	ϕ	13.6
128	69	Lydenburg 12½c	87	–1	†Q2.9c	1.5	2.2
207	108	Pot. Plats 2½pc	125	+2	ϕ†Q5c	1.0	2.6
169	90	Union Plat. 10c	120	+2	†Q4.96c	1.0	2.7
176	88	Waterval 5c	122	+2	ϕ†Q5.2c	1.0	2.8

CENTRAL AFRICAN

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
165	53	Coronation 25c	70	+2	‡Q34c	2.1	‡
127	68	Falcon Rh. 50c	80	......	†Q35c	1.3	—
19	9	Rhod'n Corp. 16⅔p	12	+1	0.56	6.0	7.2
195	120	Roan Cons. K4	140	......	‡Q16.0	4.7	‡
178	140	Tanganyika 50p	174	......	Q10.0	ϕ	5.7
70	65	Do. Pref. 80p	70	......	Q9	18.0	10.7
48	25	Wankie Col. Rh.1	33	......	†Q6½c	1.3	10.0
46	24	Zam. Cpr. SBD0.24	25	......	‡Q15c	5.2	‡

AUSTRALIAN

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
33	18	Acmex 25c	26	......	—	—	—
307	132	A. M. and S. 50c	293	–2	ϕ†Q7c	ϕ	1.5
165	96	Bougainville 50c	135	–4	Q10c	ϕ	4.8
235	145	BH South 50c	212	+4	—	—	—
75	25	G.M. Kalgoorlie $1	35	......	—	—	—
106	58	Hamptn Areas 5p	106	......	1.3	3.1	1.9
86	38	Metals Ex. 50c	66	+4	—	—	—
20	13	Metramar 20c	14	......	—	—	—
294	200	M.I.M. Hldgs. 50c	253	–1	‡Q10c	1.8	‡
105	65	Mount Lyell 25c	65	......	—	—	—
3	2	Newmetal 10c	2	......	—	—	—
226	138	North B. Hill $1	218	+5	Q9c	ϕ	2.7
9	5	Nth. Kalgurli	6	–½	—	—	—
112	65	Oakbridge $A1	106	+2	Q9c	ϕ	5.6
36	14	Pacific Copper 25c	30	–2	—	—	—
£19½	725	Pancont'l 25c	£13¾	–½	—	—	—
17	9	Paringa M&Ex. 5p	14	......	—	—	—
615	430	Peko-Wallsend 50c	555	–15	Q15c	ϕ	1.7
300	140	Poseidon 20c	155#	......	—	—	—
13	9	Vulton Mln. 50c	10	......	—	—	—
9	4	Westmex 10c	6	......	—	—	—
•199	127	Westn. Mining 50c	182	+1	‡Q6.9c	0.8	‡
75	36	Whim Creek 20c	70	+5	—	—	—

TINS

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
45	28	Amal. Nigeria	30	......	5.62	1.6	28.8
298	160	Ayer Hitam	257	–3	23.0	ϕ	13.8
30½	17	Beralt Tin	25½	......	1.75	2.8	10.6
405	315	Berjuntai SM1	370	......	QSM1.5	ϕ	9.1
18	12	Ex Lands 10p	12	......	1.0	1.7	12.8
265	155	Geevor	205xd	–5	5.0	ϕ	3.8
14	7	Gold & Base 12½p	7	......	—	—	—
250	170	Gopeng Cons.	200	......	‡11.0	1.3	‡
80	64	Hongkong	73	......	—	—	—
70	56	Idris 10p	60	......	7.15	1.5	19.3
7½	6	Jantar 12½p	6	......	—	—	—
42	31	Kamunting 15p	33	......	‡7.0	1.2	‡
250	135	Killinghall	235	......	Q50.0	1.2	21.3
228	168	Malay Dredging	190	......	10.7	2.0	8.7
38	20	ΔPahang	27#	......	‡Qh2.6	ϕ	‡
55	40	Pengkalen 10p	48	......	‡7.0	1.5	‡
130	104	Petaling SM1	123xd	–2	Q12½c	—	2.3
46	19	Saint Piran	34	......	1.25	2.5	5.7
100	64	South Kinta (10p)	73	......	‡9.5	1.5	‡
193	105	Sthn. Malayan	147	......	10.7	0.9	11.2
45	31	Sungei Besi 20p	32	......	—	—	—
38	29	Sungei Way SM1	35	......	ZQ10	—	6.4
48	40	Tanjong 15p	43	......	4.0	0.9	16.6
52	40	Tongkah Hrbr. SM1	43	......	‡Q23%	0.6	13.3
110	58	Tronoh	82	–1	†4.29	2.0	8.0

COPPER

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
85	35	Botswana RST R2	50	+5	—	—	—
335	170	Messina R0.50	205	......	†Q35c	1.9	11.0

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mines 17½p	8½	......	0.1	ϕ	2.0
•35½	20	Charterhall 5p	20xr	......	—	—	—
990	580	Cons. Murch. 10c	700	......	†Q80c	1.8	7.4
455	245	Northgate C$1	320	......	—	—	—
239	166	R.T.Z.	172	......	5.42	2.1	4.8
112	80	Sabina Inds. C$1	92	......	—	—	—
£15⅞	£10	Tara Expln. $1	£14	......	—	—	—
45	32½	Tehidy Minerals 10p	43	......	h1.08	ϕ	3.9
145	84	Yukon Cons. C$1	131	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 38

FINANCIAL TIMES

Wednesday September 8 1976

Kissinger prepares for African shuttle

BY QUENTIN PEEL

DR. HENRY KISSINGER, U.S. Secretary of State, expects to launch a major effort of shuttle diplomacy by next Monday, aimed at finding a peaceful solution to black-white confrontation in southern Africa.

While Dr. Kissinger maintained at a news conference in Hamburg that he is still waiting for a formal invitation from African leaders, he confirmed that a unilateral invitation had come from Tanzania's Foreign Minister, although this was denied by a Government spokesman who said Tanzania welcomed the trip, but did not initiate the invitation.

The effort, to find the basis for a solution to the mounting conflict in both Rhodesia and Namibia (South-West Africa) is likely to be concentrated on three capitals — Dar-es-Salaam, Lusaka, and Pretoria, where South African Prime Minister Mr. John Vorster returned yesterday after his talks with Dr. Kissinger in Zurich.

Tanzania is ready for Dr. Kissinger to begin his negotiations at once, and he is thought likely to do so, but there is no confirmation yet from Dar-es-Salaam, where the five Presidents of Tanzania, Zambia, Botswana Mizambique and Angola ended their summit yesterday

Mr. William Schaufele, the U.S. Assistant Secretary for African Affairs, is due in Tanzania to-day, both to inform President Nyerere on the progress achieved at the Kissinger-Vorster talks and to find out the results of the African Presidents' summit.

Before finally setting off for southern Africa, Dr. Kissinger is returning to Washington to await a report from Mr. Schaufele. He left Germany last night.

The U.S. Secretary of State was in Hamburg yesterday to brief Chancellor Helmut Schmidt of West Germany on his progress in Zurich, after similar stop-overs in London and Paris.

Dr. Kissinger is known to be keen to attempt a round of personal diplomacy, and announced in Zurich that he had agreed a basis for negotiations with Mr. Vorster. He has already been given a definite invitation to visit South Africa.

Circumspect

While both sides at the talks have been very circumspect in revealing any of the details in the package, it is considered that more progress can be made on independence for Namibia. There is no clear way of persuading the Rhodesian regime to countenance any form of majority rule within a timescale acceptable to Rhodesian nationalists.

Some sources suggest that Dr. Kissinger may see Mr. Ian Smith, the Rhodesian Prime Minister, while he is in Pretoria, but that is heavily discounted in London. Mr. Smith has said he would welcome a meeting.

Our Dar-es-Salaam correspondent writes: The five African Presidents wound-up their summit meeting on southern Africa after failing in what was apparently their main aim of creating a united Rhodesian nationalist leadership.

Officials said the summit had nothing to do with the Kissinger mission. Dr. Kissinger had been discussing the idea of coming to Tanzania and trying to mediate in southern Africa for two or three weeks, they claimed.

After the final session of the summit, Mr. Robert Mugabe, a leader of an ANC faction based in Mozambique, said no progress had been made on the unity question.

Both he and an official said the Presidents had agreed only to "further intensify" the war in Rhodesia, and Mr. Mugabe reiterated that there was no room for negotiations with Mr. Ian Smith.

Unless there were behind-the-scenes talks on Namibia, or it was discussed at the many informal meetings at the hotel where the summit was held, that subject appears to have been given little emphasis.

Mr. Mugabe claimed that the summit had got bogged down on an attempt to make the nationalist faction led by Mr. Joshua Nkomo rejoin the guerilla army in Rhodesia. Mr. Nkomo's followers have been reported to have left Mozambique and Tanzania after battles with other factions in guerilla training camps there. There are reports that they are now attempting to create a "third front" in the Rhodesian war from Zambia.

Smith prepares to rally his forces Page 14

Oil platform order hope 'in the spring'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE MOST confident statement recently from an oil-platform builder came yesterday from the managing director of Howard-Doris, who claimed he was certain of a new order by the spring.

Mr. Albert Granville said he was talking to three oil companies who had decided to order gravity platforms. "The time will come when we will have to choose whose platform we will have to build," he said.

He was speaking at the Anglo-French company's yard at Loch Kishorn, Wester Ross, where the 150,000-tonne base for the Ninian Central platform was towed out of dock into the deep water channel.

Mr. Granville refused to say which the three companies were. It is known that Howard-Doris has a letter of intent from Total guaranteeing an order, but only if it decides to develop the Alwyn field or the unnamed Block 3/9, and opts for a concrete platform.

Among other companies considering concrete platforms are Shell-Esso for the Cormorant or Tern fields, Conoco for Murchison, BP for Magnus, Marathon for Bray, and Phillips for Maureen.

Howard-Doris is the first company building platforms in Britain to say firmly that it expects an order by the spring. Others are more cautious. Two, RDL (North Sea) at Methil and Laing Offshore at Graythorpe, have laid off workers.

Mr. Granville said that the proportion of the 1,500 workers employed on the Ninian platform would drop sharply after March or April. "I don't want to pay off men. I want to put them to work on a new platform, and I will."

H may be over-optimistic, but can rely on the good reputation Howard-Doris has built up for meeting delivery dates with the three platforms it has built in Norway and Sweden.

The Ninian Central platform, estimated to have cost £100m., is being built for the Ninian consortium led by Chevron. Float-out began at 4 p.m. yesterday, when high tide lifted the base on a cushion of compressed air. It will be towed to a point three miles from the yard where a superstructure 590 feet high will be added as the base is slowly submerged.

The structure will be completed in the Sound of Raasay, where steel deck sections and modules, weighing 25,000 tonnes, will be added. The completed platform, weighing 400,000 tonnes, will be towed to the field next summer.

THE LEX COLUMN

The 'vast power' of the City

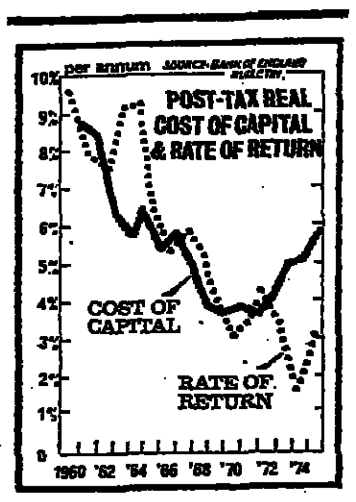
In passing, the policy document on banking and finance from the Labour Party's National Executive Committee accepts that the rate of return on investment in industry has been falling. But it fails to relate this to the supposedly inadequate level of investment, and passes on to sweeping proposals to nationalise the top seven insurance companies and the big four clearing banks. In this way it is planned to channel funds to industry in a manner that is said now to be hindered by "a vast concentration of private power."

Moreover the document proposes that a proportion of company profits should be blocked unless used for approved investment, that Government subsidies should be given to companies borrowing external funds, and that institutions—such as pension funds—still in the private sector should be given Government guarantees on long term investment in industry. Companies would thus be offered investment subsidies at the same time, presumably, as price controls were artificially holding down their returns, a double layer of interference which could only appeal to all-out interventionists: a vast concentration of State power, perhaps.

Any comprehensive study of the capital markets needs to cover at least three angles. First there is the position, of the saver or depositor—is he to be offered a fair and secure return, or are savings to be regarded as cheap investment fodder for industry? At the other end, there is the role of fixed investment within the economy, and the extent to which capacity may be inadequate. Somewhere in the middle is the question of the allocation of funds, based on achieving some sort of balance between the cost of capital and the rate of return. The NEC pamphlet fails to give consideration to the appropriate rates of return anywhere along the line. So far the Bank of England's recent attempts to lift the debate on to a higher theoretical plane seem to have had little impact.

Moreover the drawbacks of the nationalisation method are made clear by the admission that for "misguided" reasons deposits would probably be switched unless all four clearers were taken over—though this seems to ignore Williams and Glyn's, not to mention the host of smaller insurance companies. The current pre-empting of investment funds by the Government is a fundamental problem which is given scant consideration—it would scarcely be solved by nationalisation.

Index rose 5.6 to 357.6



Ocean

As recently as last June, Ocean Transport was forecasting a strictly modest profits improvement for 1976. In the event, profits for the first six months are up from £10.2m. to £15.3m. pre-tax, and the full year is now expected to produce £32m. against £22.6m. Even this understates the rate of improvement at the trading level. Last year's figures included a non-recurring £1.2m. from an accounting change, profits from ship sales this year will be at least £1m. below 1975's £3.9m., and Ocean's finance costs will be rising from now on.

This news—the first 1976 figures from a shipping major—pushed the shares 8p higher to 134p, and left its mark elsewhere in the sector, notably on P. & O. which announced some substantial cash disposals yesterday. It plainly signals a decisive turn in the shipping cycle, although this has probably arrived earlier at Ocean than elsewhere.

Thus, Ocean has a relatively small commitment to bulk trades, where business is still poor. But its 49 per cent.-owned associate, Overseas Containers, is plainly going to beat its forecast of a return to 1974's £24m. pre-tax, and its West African cargo liner trades remain very strong. In addition, there have apparently been material savings on fleet maintenance costs. The seamen's dispute is no real threat to this year's figures: the prospective yield is 8½ per cent.; a sign of Ocean's confidence that, after quite a lull, it [illegible] soon announce some new orders.

Lonrho

It is tempting to inter[illegible] last night's news of Lonrho['s] £7.6m. rights issue as a defia[nt] gesture to the City establish[-]ment. In terms of cash gene[ra]tion the issue is of little rel[ev]ance when compared w[ith] attributable profits of o[ver] £30m. in the year ending [this] month. But it has enabled [the] group to increase its ann[ual] dividend rate by three-fift[hs] without making any free g[ift] of underwriting commission [to] the toffee-nosed institutio[ns]. Mr. "Tiny" Rowland is do[ing] the job personally at no c[ost] for any shares which cannot [be] sold in the market at above 4[0p]. Admittedly that represents [a] discount of 40 per cent. on l[ast] night's price, so he is [not] taking a great burden on [his] shoulders.

But it does not pay to ma[ke] snap judgments about this co[m]pany. In the past five mon[ths] it has spent over £16m. o[n] on investments of such vary[ing] quality as Brentford Nylo[ns], London City and Westcliff, a[nd] Combined English Stores, a[nd] one of the stated reasons for [the] move is the wish to red[uce] short-term debt. So this may [be] seen as just another step i[n a] long sequence of equity iss[ues] which have so far brought [little] tangible benefit to most sha[re]holders.

SUITS

Scottish and Universal Inve[st]ments report discloses that [a] year ago the status of [the] group's £4.2m. loan to Amal[ga]mated Caledonian (Amcal) w[as] considered uncertain enough [to] merit full discussions with [the] auditors, Touche Ross, while [the] equity interest in Internatio[nal] Caledonian—the joint parent [of] Amcal—was fully written off [at] that time. In these circ[um]stances, the fact that the lo[an] was "inadvertently" inclu[ded] under "cash at bankers a[nd] on hand" in the balance-sh[eet] may conceivably be dismissed [as] a piece of amazing careless[ness] by SUITS and its auditors, [but] even this does not explain w[hy] the very existence of a loan [of] this scale was not disclosed f[or] another 12 months, when it [had] to be written off in full. T[he] fact that the chairman was [a] substantial seller of the equ[ity] over the year makes the aff[air] doubly unfortunate.

Demand for bank loans slackens

BY MICHAEL BLANDEN

THE APPARENT upsurge in demand for bank lending came to an abrupt halt last month, with the latest figures from the big clearing banks indicating that there was little change in the underlying trend of their advances.

The stagnation of lending in the four-week period to mid-August halts the upward trend shown since March. It follows a particularly large rise in the month to mid-July, when even allowing for seasonal influences the clearing banks' sterling loans to U.K. residents may have increased by upwards of £300m.

The latest figures also indicate a slackening in the rate of growth of the money supply, which was boosted in July as a result of the general increase in bank lending. It is likely that the money supply figures due later this month will be more in line with the official forecast of a 12 per cent. annual growth.

Deposits rise

The banks continue to take a cautious view of their lending position, arguing that there is no firm evidence yet of a substantial rise in the basic demand for finance by industrial customers to support an expansion of new investment.

Last month, they report, sterling advances by the London clearing bank groups to the U.K. private sector actually dropped by £383m. The reduction, they state, was largely in line with seasonal trends, so that the basic level of lending was probably little changed. But there was also some evidence of a small shift in borrowing by large customers away from the clearing banks to other banks, prompted by relatively low levels of money market interest rates.

The earlier increase in lending is reflected in a rise of £851m. in the London clearing banks' total advances to U.K. residents over the latest three-month period, shown by the quarterly analysis of advances. Out of this, the manufacturing sector absorbed £464m., a marked reversal of the previous downtrend.

However, much of this lending may have reflected special influences, including the movement of "leads and lags" during the period of decline in the value of sterling. The higher lending in July may also have reflected some extra finance for working capital as a result of higher materials costs.

iWth deposits by U.K. residents also increasing by £175m. the London clearing banks last month found themselves with extra resources available. These were used to increase their net investment in the money market—Treasury bill holdings less loans to the discount market—and in loans on the interbank market.

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Thames T.V. starts U.S. ripple

By Arthur Sandles

NEW YORK, Sept. 7.

ABOUT 400,000 central New York homes were tuned to the first night of Thames Television's takeover of the local Channel 9—an audience which reacted to the novelty of all-British programming with a mixture of admiration, shock and amused fascination.

In a dull television week before the main autumn schedules start the Thames mixture of naughtiness, professionalism and frankness, was greeted with critical approval and audience confusion.

The size of the audience was described as "respectable," but was hardly spectacular. The British commercial television company has taken over the channel for one week in an attempt to show the community, and notably the business community, the quality of British TV and its audience appeal.

Most popular programme in terms of audience, reaching the 400,000 level, were Father dear Father and Bless this House. The Benny Hill Show lost a few viewers to rivals Rhoda and FBI. Shades of Greene also suffered against All in the Family and the Dick Van Dyke Show.

Unaccustomed

The U.S. is not quite used to seeing programmes that are so preoccupied with the female form, or with jokes which have double meanings with quite such emphasis on one of the meanings.

The experiment, in which Thames has taken over WOR television evenings, has attracted much greater attention than anyone really expected from the media.

Well over 100 telephone calls were received by WOR during the first evening's performances and 90 of these were favourable.

The biggest problem Thames has run into is not sex, as expected, but racial jokes. New Yorkers in the group with which I watched the Benny Hill Show froze in astonishment at a scene which included a rolling-eyed black servant in the Deep South.

The major test of consumer reaction to British frankness comes later to-night when American viewers will see The Naked Civil Servant, a dramatisation of the life of homosexual Quentin Crisp which many people felt could never be shown in the U.S.

Continued from Page 1

Record fall in sterling balances

There appears to have been only a limited "unwinding" or reversal of these "leads and lags" since the end of June.

On the other side, the outflow resulting from U.K. private investment overseas fell by £170m. to £360m. between the first and second quarters.

The overall pressures on capital account increased investment and other capital outflows from £314m. to £1.18bn. between the quarters, with a doubling in the current account deficit to £502m.

In the present quarter, the pressures on capital account have undoubtedly lessened considerably, but the current account is still running in substantial deficit.

The appearance of these figures and the size of the fall in official sterling balances is likely to strengthen, rather than reduce, the growing belief that Britain will seek a further loan from the IMF later this year.

In the second quarter, the U.K. drew £437m. from the IMF on the first credit tranche, with £581m. coming from standby credits, £324m. from the official reserves and £582m. raised by the public sector under the exchange cover scheme.

Borrowings by nationalised industries and similar bodies under this scheme have been very heavy this year. The first-half total of £859m. compares with £387m. in the whole of 1975.

Balances

One of the few encouraging features in the statement is the rise in the invisible balance for the quarter—up £53m. at £487m.—and the impact of the tourist boom is now showing through clearly. Net earnings from tourism and other travel were £115m. in the second quarter, which is equal to the combined net earnings from this source for the whole of 1970-73.

SUMMARY BALANCE OF PAYMENTS (£m.)

	1975 2nd qtr.	1975 3rd qtr.	1975 4th qtr.	1976 1st qtr.	1976 2nd qtr.
			Seasonally adjusted		
CURRENT ACCOUNT					
Visible account	−681	−989	−682	−473	−1,040
Invisible balance	+315	+428	+388	+434	+ 487
Current balance	−366	−561	−294	− 39	− 553
			Not seasonally adjusted		
Current balance	−337	−545	−117	−246	−502
Capital transfers	0	0	0	0	0
Investment and other capital flows	+ 87	+358	−379	−314	−1,186
Balancing item	−331	− 23	+140	− 82	− 236
Balance for official financing	−581	−210	−356	−642	−1,924
OFFICIAL FINANCING					
Net transactions with IMF	0	0	0	+573	+ 437
Other Monetary Authorities	0	0	0	0	+ 581
Foreign Currency borrowing: by HM Government (1)	0	0	0	0	0
by public sector under exchange cover scheme	+162	+ 43	+137	+277	+ 582
Official reserves (drawings on, +/ addition to, −)	+419	+167	+219	−208	+324

(1) Drawings on a Euro-dollar facility for HM Government to borrow $2.5bn.

Rowland underwrites £7.6m. Lonrho issue

BY KEITH LEWIS

In a characteristically unorthodox move, Mr. R. W. "Tiny" Rowland, chief executive of Lonrho, the mining and industrial group, is to underwrite a £7.6m. rights issue by the company. He will receive no fee.

Mr. Rowland, Sheikh Nasser—the director who represents the 22 per cent. Arab shareholding in Lonrho—and the other members of the Board; collectively accounting for 37.5 per cent. of the equity, have agreed to take up their rights in full

Ordinary shareholders are being offered one new share for every eight held and holders of the 7½ per cent. Convertible Loan stocks, 1983-88 and 1984-89, 10.89 new shares for every £100 of stock. The offer price is 40p, representing a discount on last night's closing price (67p) of 40 per cent.

Treasury permission has been given for Lonrho to increase the dividend from 3.102p net to 4.963p.

The purpose of the fund raising is to help increase the production and overseas sales of Brentford Nylons, which was acquired for £9.8m. in July. The purchase price was met equally by Lonrho and the Department of Industry, which advanced an interest-free loan to the group of £4.9m. until December 31 1977.

The second reason given is to help reduce short-term debt: the last published accounts, for the year ending September 30 1975, showed short term debt of about £15.5m.

Continued from Page 1

Fraser to resign

Last night, it stood at 58p, up 1p on the day.

Scottish and Universal's main interests are in printing, publishing and whisky distilling. Its involvement in property is through a 28.4 per cent. holding in International Caledonian Assets, a company in which investment bank Noble Grossart, of which [illegible] is a director, has a 31.2 per cent. stake—and House of Fraser, where he is chairman, a stake of 17 per cent.

International Caledonian is in turn a half owner of Amalgamated Caledonian, its partner being Amalgamated Investment and Property, which went into liquidation in March.

Amalgamated Caledonian's main interest is the redevelopment of the Army and Navy Store site in Victoria Street, London.

In 1974, Scottish and Universal made a £4.23m. loan to Amalgamated Caledonian. By November last year the Scottish and Universal Board decided that no further rolled-up interest on the loan should be taken into its profit and loss account.

Following the failure of AIP this year, the loan was further examined and, considering the expected rents from the office development in a depressed market, it was decided to make a provision against the whole loan plus accrued interest.

This was announced with the company's preliminary results, but comparison with last year's accounts showed no evidence of the loan, or of another of £500,000 since repaid in full, both of which had been included in the total for "cash at bankers and on hand."

This, the chairman's statement says, was due to an accounting error. "The auditors (Touche Ross and Co.) have confirmed that they were aware of these loans at the time of their audit of the 1975 accounts and that in their opinion the error in classification was inadvertent."

Weather

U.K. TO-DAY

DRY in S. Rain in N.

London, E. Anglia, E. Midlands, S. England

Dry, sunny intervals. Max. 22C (72F).

N.E., N. England, W. Midlands, S. Wales

Cloudy, perhaps some rain. Max. 19C (66F).

Channel Is., S.W. England

Cloudy, mainly dry. Max. 21C 70F).

N. Wales, N.W. England, Lakes, I. of Man

Cloudy, occasional rain. Max. 18C (64F).

Borders, Edinburgh, Dundee, Aberdeen areas, N.E., N.W. Scotland, Highlands, Moray Firth area, Argyll, Orkney, N. Ireland

Rain at first, sunny, but showers later. Max. 15C (59F).

Shetland

Sunny intervals, showers. Max. 12C (54F).

Outlook: Changeable.

Lighting-up: London 20.02, Manchester 20.13, Glasgow 20.14, Belfast 20.30.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	29	84	Manchster	F	18	64
Amstrdam	F	20	68	Melbourne	F	14	57
Athens	S	24	75	Mexico C.	S	21	69
Barcelona	F	24	75	Milan	F	21	70
Belfast	C	17	63	Montreal	C	17	63
Belgrade	F	18	64	Moscow	F	16	61
Berlin	C	18	64	Munich	S	17	63
Burm'ham	S	19	66	Newcastle	S	18	64
Bristol	S	20	68	New York	S	20	68
Brussels	F	21	70	Oslo	S	17	63
Budapest	C	18	64	Paris	S	22	72
B. Aires	C	15	59	Perth	C	15	59
Cairo	S	35	95	Prague	C	18	64
Cardiff	S	20	68	Reykjavik	S	9	48
Cologne	S	20	68	Rio de J'o	R	24	75
Copenhagn	C	19	66	Rome	R	24	75
Dublin	F	18	64	Singapore	S	30	86
Edinburgh	F	17	63	Stockholm	F	18	64
Frankfurt	S	20	68	Strasbourg	S	19	66
Geneva	S	17	63	Sydney	Sh	15	59
Glasgow	C	15	59	Tehran	S	29	84
Helsinki	F	15	59	Tel Aviv	F	28	82
Hong Kong	S	31	87	Tokyo	S	27	81
Jo'burg	S	24	74	Toronto	S	19	66
Lisbon	S	25	77	Vienna	F	18	64
London	S	21	70	Warsaw	C	18	64
Luxemb'g	S	18	64	Zurich	S	17	63
Madrid	S	25	77				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	F	24	75	Istanbul	F	20	68
Algiers	F	26	79	Jersey	S	22	72
Biarritz	S	26	79	Ls. Palmas	S	28	82
Blackpool	C	17	63	Majorca	F	27	81
Bordeaux	S	23	73	Malaga	S	25	77
Boulogne	F	19	66	Malta	R	23	73
Casablnca	S	27	81	Nairobi	S	23	73
Cape Twn	S	17	63	Naples	F	22	72
Corfu	S	24	75	Nassau	S	30	86
Dubrovnik	S	20	68	Nice	S	23	73
Faro	S	26	79	Nicosia	S	27	81
Funchal	S	27	81	Oporto	S	23	73
Gibraltar	F	23	73	Rhodes	S	26	79
Guernsey	S	19	66	Salzburg	S	18	64
Innsbruck	S	18	64	Tangier	S	27	81
Inverness	C	14	57	Tenerife	S	28	82
Is. of Man	C	15	59	Valencia	F	26	79

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sh—Showers.

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